



Daily Report

China

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General

XINHUA Reports on Human Rights Commission Meeting

OW0503064094 Beijing XINHUA in English 0553
GMT 5 Mar 94

[Text] Geneva, March 4 (XINHUA)—The Commission on Human Rights of the United Nations today calls on the international community to condemn those countries using unilateral mandatory measures that run counter to the international laws and the U.N. Charter.

A resolution, adopted by the commission at its 50th meeting, said that all countries should refrain from taking any unilateral mandatory measures that run counter to the international laws and the U.N. Charter.

Such measures not only impede trade among countries, but also hinder the full realization of the rights specified in the Universal Declaration of Human Rights, said the resolution proposed by Cuba, China, Ghana and the Sudan.

The commission condemns some countries for using their economic supremacy and continuing to take unilateral mandatory measures, such as trade sanction, blockade, embargo and asset freezing, to prevent the developing countries from exercising their rights to establish their political, economic and social systems and expand international trade.

The resolution, adopted by 23 votes in favor and 18 against, was supported mostly by the developing countries and opposed by the United States and other Western developed countries.

XINHUA Notes 'Progress' in EC Dairy Products Aid Program

OW0703112194 Beijing XINHUA in English 1011
GMT 7 Mar 94

[Text] Guangzhou, March 7 (XINHUA)—The European Community's aid project of dairy products to China had made "satisfactory progress" and constituted a successful model in E.C.-China cooperation, Pierre Duchateau, ambassador of the E.C. commission to China, said.

Duchateau made the comment at a meeting reviewing the progress of the three-year project, which began in 1988, and making arrangements to strive for a similar second-phase aid project.

The E.C.-sponsored dairy products operation is the largest aid project that China has ever accepted in the agricultural field. As a result, the supply of dairy products in 20 major Chinese cities, including Beijing, Shanghai, Tianjin and Guangzhou, has shown marked improvement.

Ambassador Duchateau described the project as having made the ties of E.C.-China cooperation closer and

having laid a sound foundation for a second-phase aid project in the same field, which he believed will continue.

Asian Meeting on Population, Development Closes in Beijing

OW0403132394 Beijing XINHUA in English 1243
GMT 4 Mar 94

[Text] Beijing, March 4 (XINHUA)—The 10th Asian Parliamentarians' Meeting on Population and Development (APPD) closed here today.

The meeting has further promoted mutual understanding and friendship among the participants from 15 countries including China after their discussions on issues of population and development and women's position and role.

Fukusaburo Maeda, chairman of the Asian population and development association, described the two-day meeting as significant.

He said that in September this year, the Third International Conference on Population and Development will be held in Cairo, at which a policy on population is expected to be approved.

He expressed the hope that this policy will become a program for actions of all countries in the next 20 years.

Hao Yichun, deputy head of the delegation of China's National People's Congress (NPC) and vice-chairman of the NPC Education, Science, Culture and Public Health Committee, said with the common efforts by the Asian parliamentarians, the meeting has achieved a complete success.

Noting that Asia is the most populous region in the world, Hao said the solution of the Asian population problem will be of great importance to peace, prosperity and development of Asia and the rest of the world.

She said many Asian countries have already adopted proper measures to reduce the birth rate and have achieved significant results.

However, Hao said the trend of rapid population growth has not yet been checked and the task of improving the quality of human resources is still arduous.

The solution of population problems requires the common efforts from Asian parliaments, governments, non-governmental organizations as well as the people from every Asian country, she added.

After the meeting Fukusaburo Maeda and leaders from the Asian forum and the UN Population Fund gave a press conference and answered questions on cooperation between China and the UN Population Fund.

International Energy, Water Symposium Opens in Beijing

OW0303123594 Beijing XINHUA in English 1007
GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—An international symposium on the Global Energy and Water Circulation Experiment (GEWEX) was held here today at Beijing University.

More than 100 experts and scholars from China, Japan, Russia and other countries and regions attended the meeting.

GEWEX is the largest global environmental science experiment as the turn of the century approaches, and the experiment in the Asian monsoon area (GAME) has become one of the five largest trans-continental experiments in the world.

Participants in the symposium will exchange scientific information about the progress of GEWEX, discuss relevant international cooperative projects and coordinate the activities of GEWEX and GAME in Asia.

China and Japan have cooperated successfully on the projects over the past few years, especially in the experiments in the northwestern Pacific Ocean, according to Zhao Bolin, an academican of the Chinese Academy of Sciences and a professor of Beijing University.

The two countries will continue their cooperation and conduct intensive observations in the Huaihe River in east China's Anhui Province, he added.

Air China Opens New Routes to Europe, Japan, Indonesia

OW0403140694 Beijing XINHUA in English 1342
GMT 4 Mar 94

[Text] Beijing, March 4 (XINHUA)—Air China, one of China's major airlines, will open seven new air routes from March 27.

Four are international ones: Beijing to Copenhagen (capital of Denmark), Beijing to Fukuoka (Japan) via Shanghai, Beijing to Jakarta (capital of Indonesia) through Shenzhen, and Shanghai to Frankfurt (Germany).

The other three are domestic—Beijing to Shenyang, Beijing to Chengdu and Shanghai to Guangzhou.

The airline now has 90 air routes—33 overseas routes and 57 domestic.

Envoys to Equatorial Guinea, Laos Dismissed, Appointed

OW0403225194 Beijing XINHUA Domestic Service in Chinese 1014 GMT 4 Mar 94

[Text] Beijing, 4 Mar (XINHUA)—In accordance with a decision of the National People's Congress Standing

Committee, PRC President Jiang Zemin appointed and dismissed the following ambassadors to foreign countries:

1. Dismissed Wang Yongcheng as PRC Ambassador Extraordinary and Plenipotentiary to the Republic of Equatorial Guinea;

And appointed Xu Shaohai [1776 480i 3189] PRC Ambassador Extraordinary and Plenipotentiary to the Republic of Equatorial Guinea.

2. Dismissed Huang Guocai as PRC Ambassador Extraordinary and Plenipotentiary to the Lao People's Democratic Republic;

And appointed Li Jiazhong [2621 1367 1813] as PRC Ambassador Extraordinary and Plenipotentiary to the Lao People's Democratic Republic.

Bosnian Prime Minister Visits Indonesia

OW0403134794 Beijing XINHUA in English 1306
GMT 4 Mar 94

[Text] Jakarta, March 4 (XINHUA)—Bosnian Prime Minister Haris Siladjic expressed the hope that Indonesia will provide full and ceaseless support to Bosnia as the chairman of the Non-Aligned Movement (NAM).

The Bosnian prime minister, who arrived here today to start a two-day official visit to Indonesia, told the press that Indonesia in its capacity as the NAM chairman would exert more political influence on the United Nations (UN) in an effort to create peace and sovereignty in the war-torn Bosnia.

He noted that Bosnia was convinced that NAM could voice its supports and play its active roles in the UN.

He pointed out that the future developments in Bosnia would depend on the UN agreement. He also hoped that the countries which had so far supported Bosnia in the UN would maintain their supports.

During his stay, he will discuss with the Indonesian side the latest development about the Washington Accord, and the future steps to be taken by Bosnia.

The Bosnian prime minister said that the diplomatic ties between Bosnia and Indonesia will be established soon at the right time.

Siladjic arrived from Washington and was met at the Sukarno-Hatta airport by Indonesian Foreign Minister Ali Alatas and Chief Executive Assistant to the NAM Chairman Nana Sutresna.

He told the press about the recent peace talks between Bosnia and Croatia held in Washington. Both sides agreed to form a framework for the establishment of a federation in Bosnia-Herzegovina.

XINHUA Reports Bosnian Serb Warplanes Bomb Muslim Area

OW0603143894 Beijing XINHUA in English 1414
GMT 6 Mar 94

[Text] Sarajevo, March 6 (XINHUA)—Bosnian Serb warplanes bombed the northern Muslim enclave of Maglaj Sunday [6 March], Sarajevo Radio reported.

The radio said the air raids occurred at 5:00 A.M. (0400 GMT) and a second at 10:15 A.M..

Earlier last week, NATO jet fighters shot down four Serb warplanes on a similar sortie.

However, the radio did not give details of casualties.

U.N. officials in Zagreb said they had "no information" on any Serb air attack, and there was no immediate response from NATO.

Maglaj has been besieged by the Serbs for eight months and its residents are said to be living in appalling conditions.

U.S. & Canada

XINHUA Officials, NPC Deputy View Human Rights-MFN Link

HK0703113594 Hong Kong TA KUNG PAO in Chinese
7 Mar 94 p 2

[Report: "Zheng Guoxiong and Chen Fengying Stress That China's Most-Favored-Nation Status Must Not Be Linked to Human Rights"]

[Text] Zheng Guoxiong, XINHUA News Agency Hong Kong Branch deputy director; aide to the director Chen Fengying; and National People's Congress Deputy Cheng Yiu-tong yesterday (6th) held that China's earlier handling of Wei Jingsheng and others was strictly in accordance with Chinese legal procedures. They were not worried that Most-Favored-Nation [MFN] status would thereby be affected and believed that the United States should not link these two issues.

Zheng Guoxiong was asked at a Shunde City Investment Project Fair to comment on the legal actions concerning Wei Jingsheng shortly before U.S. Secretary of State Christopher's visit to China. He said that the Chinese Ministry of Justice had handled the relevant problems according to state laws and that it was entirely China's internal affair. He held that China has always opposed Western countries imposing their views and human rights standards on China and that the actions of the Chinese Ministry of Justice should not affect China's MFN status.

When attending a Kun Tong District Basic Law Promotion Carnival, Chen Fengying said that the United States should not talk about the law-enforcement actions of the Ministry of Justice and China's MFN status in the same

breath, because countries would do anything they thought they should according to law. MFN status is a problem of trade and mutual economic benefits between China and the United States and should not be linked to human rights problems.

She pointed out that the human rights problems contained in U.S. accusations were also seen in the United States, some being even more serious than in other countries. She did not believe that the United States set human rights conditions when dealing with trading or other types of relations with other countries. Therefore, she believed that it was inappropriate for the United States to set human rights conditions when discussing MFN status with China.

Cheng Yiu-tong, who was also present on the same occasion, argued that: China detained the persons concerned before the visit of the American officials merely in accordance with its own legal procedures. This fact reflects that China will not yield to the pressure exerted by the United States under the pretext of its human rights. In fact, China has also improved greatly on the human rights issue in the past few years.

Regarding the question that the United States will first have to ascertain China's human rights status before considering granting it MFN status, Cheng Yiu-tong said: This shows that the United States confuses economics and politics over this question. China's reaction clearly tells the United States that China will make no compromise on these questions of principle and that China will handle relevant questions in accordance with its own legal procedures.

XINHUA Reports President Clinton's Counsel's Resignation

OW0503205094 Beijing XINHUA in English 2022
GMT 5 Mar 94

[Text] Washington, March 5 (XINHUA)—U.S. President Bill Clinton's top White House legal counsel Bernard Nussbaum resigned here today.

Nussbaum, a 57-year old New Yorker, said in a letter to President Clinton that his resignation would take effect April 5 to assist the President "in arranging for an orderly transition in the counsel's office," White House sources said.

In a letter of reply, Clinton said that he accepted Nussbaum's resignation "with deep regret" and praised his efforts, the sources said.

But reports showed that the President in recent days made no effort to defend his counsel against mounting criticism from U.S. Congress and federal officials investigating an Arkansas real estate project which has links with the Clintons.

The lawyer's resignation is viewed here as a casualty of turmoil over the Clinton administration's handling of questions related to the real estate project.

The White House lawyer told President Clinton about his decision to resign late Friday night as he and five other senior White House officials were subpoenaed by the special legal counsel, Robert Fiske, investigating the project.

President Clinton met with Nussbaum in the Oval Office late last night.

The project, the Whitewater Development Corporation, was half owned by the Clintons and was connected with the failed Madison Guaranty Savings and Loan.

The failed Madison cost the U.S. taxpayers 60 million U.S. dollars and federal officials are investigating whether Madison improperly diverted money to Whitewater or to Clinton's 1984 re-election campaign when he was governor of Arkansas.

The Clintons have denied any wrongdoing over the matter, saying instead that they lost 69,000 dollars on the real estate project in the 1980s.

The subpoenas have brought the Madison case directly into the White House, a bitter blow to the President and his aides.

The five senior White House officials who received subpoenas were White House Deputy Chief of Staff Harold Ickes, Hillary Clinton's Chief of Staff Margaret Williams, White House Communications Director Mark Gearan, Senior Adviser Bruce Lindsey, and Hillary Clinton's Press Secretary Lisa Caputo. Deputy Treasury Secretary Roger Altman and three of his senior aides also received subpoenas.

In addition, a second subpoena calls for the White House to produce all documents or memoranda on any meetings, conversations or contacts on Madison between any White House staffers and officials of Treasury Department.

Treasury Department officials twice informed the White House last fall of the status of a federal investigation into the failed Madison.

All the subpoenaed officials were ordered to appear before a federal grand jury in Washington on March 10 when the documents must also be produced to the jury.

Li Peng Meets With U.S. Merrill Lynch Group

OW0703084094 Beijing XINHUA in English 0806 GMT 7 Mar 94

[Text] Beijing, March 7 (XINHUA)—Premier Li Peng said here today that China welcomes the Merrill Lynch Group, of the United States, continuing to participate in the pooling of foreign capital for its economic construction.

As a financial company with world-wide experience, Merrill Lynch should go on providing China with assistance and advice in the financial sector, said Chinese Premier Li Peng.

He was speaking at a meeting here this morning with Daniel Tully, the Merrill Lynch Group's chairman and chief executive.

Recalling his meeting with Tully's predecessor, Williams Schreyer, last spring, Li noted that Merrill Lynch had done a lot in helping to determine China's credit rating and in its bonds issues on overseas markets.

"Much has been achieved and we are satisfied with our cooperation with your group," Li told the U.S. visitors.

People in the United States are optimistic about China's economic prospects, Tully said.

After on-the-spot investigations, Merrill Lynch concluded that lots of projects in China have favorable conditions to attract overseas investment. Merrill Lynch is willing to serve and advise China in sectors such as electricity and iron and steel.

Chinese Minister of Finance Liu Zhongli took part in the meeting.

Founded in 1802, Merrill Lynch is the No. 1 securities company in the U.S. and has been ranked on top of the world's stocks and bonds institutions in recent years, sources said.

Last year, it set up a representative office in Shanghai and its Beijing office is to be officially established in the near future.

U.S., Ukrainian Presidents Meet, Announce Aid Package

OW0403222694 Beijing XINHUA in English 1952 GMT 4 Mar 94

[Text] Washington, March 4 (XINHUA)—President Bill Clinton announced here today the United States would give 700 million dollars in assistance, a major increase, to Ukraine.

At a joint press conference with visiting Ukrainian President Leonid Kravchuk, Clinton said the new relationship between the two countries would make a better future for the people of both nations.

Kravchuk, who has signed a number of accords on economic and trade cooperation with the U.S., said today marked a "historic moment" in friendly relations between Washington and Kiev.

Clinton praised Kiev's endorsement of the U.S.-Russian-Ukrainian accord signed last January on getting rid of the 1,800 nuclear warheads on Ukrainian soil as well as the first strategic arms reduction treaty.

The U.S. President also expressed the hope that the Ukrainian parliament would eventually approve the Nuclear Nonproliferation Treaty.

He welcomed Ukraine's commitment to comprehensive market reforms as well as Kiev's agreement to join NATO's Partnership for Peace Program last month.

Kravchuk, whose country is now experiencing an economic crisis, brought an entourage of high-ranking officials including the ministers for foreign affairs, defense, economics on the current official visit.

At the core of the talks between the two leaders were economic matters, which apparently is the main purpose of Kravchuk's visit.

Clinton also promised today to press for economic aid from other Western countries and lending agencies to Ukraine.

Besides meeting with U.S. officials, Kravchuk will also be seeing officials from the International Monetary Fund and the World Bank on outside economic assistance.

Kravchuk leaves for New York Saturday for a meeting with U.N. Secretary-General Butrus Butrus-Ghali and to attend the opening of Ukraine's general consulate.

Central Eurasia

Azerbaijani President Departs Baku for Official Visit

OW0703014194 Beijing XINHUA in English 0053
GMT 7 Mar 94

[Text] Moscow, March 6 (XINHUA)—Azerbaijani President Geydar Aliyev left Baku, capital of Azerbaijan, tonight for a five-day official visit to China.

During the visit, the two countries will sign a joint statement and agreements on promotion of tourism and cooperation in the economic, techno-scientific and cultural fields.

Aliyev leaves for home on Thursday [10 March].

Aliyev Arrives in Beijing

OW0703042094 Beijing XINHUA in English 0331
GMT 7 Mar 94

[Text] Beijing, March 7 (XINHUA)—Azerbaijani President Geydar Aliyev arrived here this morning by special plane on a four-day official visit to China at the invitation of Chinese President Jiang Zemin.

Aliyev has been the first Azerbaijani president to visit China since the country became an independent state.

The Azerbaijani president and his party including Foreign Minister Gasan Gasanov were greeted at the airport by Yin Dakui, chairman of the Chinese Government Reception Committee and vice minister of public health, and Dai Bingguo, vice minister of foreign affairs.

Sources said that Jiang Zemin will give a welcoming ceremony for Aliyev and his party this afternoon. Then,

the two presidents are expected to hold talks on bilateral ties and international issues of common concern.

President Yeltsin Names New Intelligence Chief

OW0303131294 Beijing XINHUA in English 1035
GMT 3 Mar 94

[Text] Moscow, March 3 (XINHUA)—Russian President Boris Yeltsin today named Sergey Stepashin as the chief of Federal Counter-Intelligence Service, the Presidential Press Office said.

Stepashin, 42, was appointed to replace Nikolay Golushko who was sacked by Yeltsin on February 28 because of the recent Russian-U.S. Spy case.

Stepashin was appointed first deputy director of the Federal Counter-Intelligence Service in December 1993.

Earlier, he had served as a legislator heading the Russian Parliament Committee on Defense and Security.

Stresses Need for Stability, Unity

OW0403114394 Beijing XINHUA in English 1053
GMT 4 Mar 94

[Text] Moscow, March 4 (XINHUA)—Russian President Boris Yeltsin today stressed the urgent need to maintain stability, order and unity in Russia.

Addressing an extended meeting of the Russian Government, the president said, "this is particularly necessary in the present situation over which the danger of confrontation is looming."

He was referring to the recent amnesty decision made by the State Duma, or Lower House of the Russian Parliament, under which former Vice-President Aleksandr Rutskoy and former Parliament Speaker Ruslan Khasbulatov were freed last Saturday [26 February] from Moscow's Lefortovo Prison.

He said he is "fully aware of the contradictory nature of the decision made by State Duma and the haste with which it was fulfilled."

The president stressed that he "believed and continue to believe that the constitution, the law and moral norms were violated." He warned the the amnesty could lead to confrontation again.

"Russia is different today," Yeltsin said, "it has a constitution and peaceful potential for resolving its problems."

The meeting, attended by government ministers, leaders of state executive bodies, Parliament chamber speakers and local leaders, is being held in the Kremlin to discuss the economic performances last year and the reform tasks for this year.

Urges Cabinet To Further Economic Reform

OW0403114494 Beijing XINHUA in English 1041
GMT 4 Mar 94

[Text] Moscow, March 4 (XINHUA)—Russian President Boris Yeltsin today urged the Russian Government to deepen the economic reform underway in the country in a way causing less costs.

Speaking at the extended meeting of the cabinet in the Kremlin, Yeltsin described as "wrong" the slogan of "reform the economy at any cost." The people may reject a huge-burden reform, the president pointed out.

The meeting is attended by government ministers, leaders of state committees and other federal executive bodies, as well as Parliament chamber speakers, faction leaders and heads of local governments.

The meeting's focus is to discuss economic performances in 1993 and reform tasks for this year.

"The government is facing most complicated tasks," said Yeltsin.

As to the strikes in the coal-mining regions, the president said, "it is inadmissible to delay the payment of wages for several months. I am closely watching the developments and the position of the labor unions."

"Of course, emergency decisions will be made, but let those who delay the payment for coal and the payment of wages be the first to shoulder the responsibility," he said.

The president also stressed the need to curb the growing inflation rate, and deepen reforms in the industrial, agricultural and financial spheres.

Outlines Tasks Facing Government

OW0403222194 Beijing XINHUA in English 1458
GMT 4 Mar 94

[Text] Moscow, March 4 (XINHUA)—President Boris Yeltsin today underlined the main tasks facing the Russian Government, stressing the urgent need for energetic reform of the country's economic mechanism.

"The economic situation remains complicated this year, and the social and political conditions are quite tough," Yeltsin told an extended government meeting in the Kremlin.

He pointed out that the government already has the (reform) program that it adopted last August but it needs to be specified and implemented.

"We need a policy oriented towards the future and it is wrong to call for reforms that are too costly and burdensome for people to tolerate," Yeltsin said.

The president stressed that the main government action should be to forge an energetic transformation of the economic mechanism and it should shoulder the bulk of the problems as before.

He described the privatization program, which started last year, as the major item of the reform package and stressed that it must be completed "as scheduled and without hindrances".

"It is necessary, therefore, to create a legal framework and organizational mechanism to attract resources through investments by domestic and foreign businessmen for a technological renewal of production", he said.

The president also said that priorities should be given to curbing inflation, taxation, payment and banking system reforms as well as agricultural reforms which included ensuring the rights of private landowners.

He went on: "The government is prepared to usher in radical reforms this year into the system of management of state-owned enterprises, or, to be more exact, create it a new, from scratch."

The president's statement made clear that the demonopolization of the Russian economy will take time.

"This is why preventive measures are particularly important to block the formation of new monopoly structures," he explained.

Stressing the need for the effective mechanism of state supervision, Yeltsin said that a draft civil code for Russia and other priority draft bills will be submitted to the State Duma (lower house of parliament) in the near future.

"Their promulgation into law will lay a firm legal basis for the market economy and help Russian enterprises establish a firm footing," the president said.

Commenting on the coal-mine strikes, Yeltsin said: "It is inadmissible to delay the payment of wages for several months. I am closely watching the developments and the position of the labor unions."

Premier Says Russia To Press Ahead on Reforms

OW0403141094 Beijing XINHUA in English 1337
GMT 4 Mar 94

[Text] Moscow, March 4 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin stressed today the need to continue a market economy reform in the country and follow through President Yeltsin's plans.

At an extended meeting of the cabinet in the Kremlin, the cabinet chief said that although a market economy already existed in Russia it needed to progress, taking into account the fundamental differences in the economic and political situation which have been created since the beginning of 1994. "We must pay attention to the lessons learned from the government's mistakes and earlier programs," he added.

President Boris Yeltsin told the meeting that Russia's economic situation will remain complicated this year

and social and political conditions quite tough. "The government is facing very complicated challenges," he said.

The meeting, attended by cabinet members, leaders of the state executive bodies, parliament chamber speakers and local leaders, was called to discuss the economic situation in the country and plan this year's government reform tasks.

Chernomyrdin said he fully agreed with Yeltsin's objective of strengthening the Russian state as defined in his state of nation message to Parliament last Thursday [24 February].

He described it as the basis for continuing reform which would put an end to the crisis by restructuring the economy and creating conditions for economic, political and social stability.

"We see no possible grounds for radical changes in the course we are pursuing. The government will take guidance from the program adopted last August and approved by the president, we shall stick to this program and implement it no matter how difficult it maybe," Chernomyrdin stated.

Kazakhstan Trade Official on Development of Trade Ties

OW0403083294 Beijing China Radio International in Russian 1900 GMT 3 Mar 94

[Text] On 3 March, (Beg Berguinov), Kazakhstan's trade representative to the PRC, was interviewed by our correspondent in Beijing. He said that Kazakhstan attaches great significance to the development of relations with China and that a great potential exists for the development of trade and economic cooperation between the two countries. In recent years, (Beg Berguinov) continued, the commodity turnover of both countries has increased rapidly. In 1992 it was \$360 million and in 1993 it had increased to \$434 million. In forecasting the prospects for trade and economic cooperation between Kazakhstan and China, (Beg Berguinov) expressed the hope that major Chinese companies and industrial enterprises will invest in Kazakhstan's manufacturing and processing sectors.

Northeast Asia

RENMIN RIBAO Views Zhu Rongji's Japan Visit

OW0503102694 Beijing XINHUA Domestic Service in Chinese 1513 GMT 4 Mar 94

["Text" of 5 March RENMIN RIBAO Article by Dai Ping (2071 5493): "Seize the Historical Opportunity to Promote Economic and Trade Cooperation"—comments on Vice Premier Zhu Rongji's visit to Japan]

[Text] Beijing, 4 Mar (XINHUA)—Vice Premier Zhu Rongji and his party returned to Beijing on 3 March after concluding their formal goodwill visit to Japan.

In 1992, China and Japan marked the 20th anniversary of the normalization of relations between the two countries. General Secretary Jiang Zemin's visit to Japan and His Majesty the Japanese Emperor and Her Majesty the Japanese Empress' visit to China in the same year indicated that Sino-Japanese relations have entered a new stage. Vice Premier Zhu Rongji's current visit to Japan is another major event in Sino-Japanese relations since 1992. His visit attracted world wide media attention, was completely successful, and will have a far-reaching effect on future Sino-Japanese good neighborly and friendly relations, especially on the development of economic and trade cooperation between the two countries.

Sino-Japanese Cooperation Is the Trend of the Times

Wherever they went, Vice Premier Zhu and his party were warmly welcomed by personalities of the Japanese Government and people from all circles. His visit created a series of climaxes and many touching scenes.

During his visit, Vice Premier Zhu met with the Japanese Emperor and held important talks with Prime Minister Hosokawa, Foreign Minister Hata, and other major members of the Japanese Cabinet. Their talks were conducted in a friendly and harmonious atmosphere and the two sides had identical views on many important issues. Vice Premier Zhu also had very wide contacts with people from various circles of Japan, especially people from Japan's economic circles. According to incomplete statistics, during his more than 30 meetings in various forms with people from Japan's economic circles, more than 260 well-known Japanese entrepreneurs and bankers directly conversed with Vice Premier Zhu, and over 1,400 people from Japan's economic circles attended his speech sessions. The heads of all major economic organizations in Tokyo and the Kansai and Kinki areas, including the major leaders of Japan's six largest enterprise groups—Mitsubishi, Fuyo, Sanwa, and Dai-Ichi Kangyo Banking—exchanged views and had discussions with Vice Premier Zhu on the exchanges, cooperation, and other issues between China and Japan. They expressed great enthusiasm in further developing the economic, trade, scientific, and technological cooperation between the two countries.

From Vice Premier Zhu's current visit to Japan we can see that the world, especially Japan, is trying to reunderstand China—a "Chinese fever" of being willing to broaden the scope of cooperation with China has surfaced in Japan. The surfacing of this fever is not an accident but a product of the combination of the evolution of international relations after the Cold War, the change in Japan's domestic situation, and China's dynamic economic development. Following the end of

the Cold War, international relations, especially relations between big countries, are undergoing an in-depth readjustment, and giving priority to the economy has become an important factor for guiding state to state relations. Since the world entered the 1990's, the economies of the West have been widely in recession and economic friction between the United States, Japan, and Europe has intensified. The United States and Europe have jointly applied pressure on Japan, demanding that Japan open up its market, increase its domestic demand and imports, and reduce its trade surplus. Over the decades after WWII, based on the principle of "founding the nation on trade," Japan has established an export-oriented economic structure. Its foreign trade surplus exceeded \$140 billion last year. The situation facing Japan this year is: the increased external pressure; the domestic economic decline, which has lasted 35 months; Japanese products have been less competitive in the international market due to the appreciation of the Japanese yen and therefore, readjusting its industrial structure has become a pressing task. An increasing number of people of insight from Japan's economic circles have realized that developing Sino-Japanese economic, trade, scientific, and technological cooperation, and undergoing industrial restructuring are one of the important ways to free Japan from its economic predicament.

Explain Away the Doubts and Misgivings to Enhance Confidence

While Japan's economic circles hold favorable views on China's economy, some people have common doubts and misgivings—such as: what if China's inflation gets out of control, resulting in social turbulences; what if reform encroaches on foreign investors' interests in China; what if the system of separating local tax revenues from those of the central government intensifies the contradictions between the central authorities and local authorities; and can China's economy continue to develop rapidly and in a sustained and healthy manner. In one word, will China's reform succeed? Vice Premier Zhu gave pointed and unequivocal answers to aforementioned questions on various occasions.

Vice Premier Zhu said: Our reform was initiated based on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; under the direct leadership of President Jiang Zemin and Premier Li Peng; and after in-depth deliberation and repeated discussions pooling the wisdom of the whole party and nation and making use of the experiences of developed countries, including Japan. China's major measures for market economic reform have been instituted since 1 January this year. It is unprecedented to institute comprehensive and mutually supplemental financial, taxation, foreign exchange, investment, and enterprise reforms in a country with a population of nearly 1.2 billion; you can imagine the complexity and arduousness of this work. In Japan, it took 10 years to institute the consumption tax system alone; three Cabinets changed hands during this period. However, in China, major

reform measures have been carried out smoothly in the past 50 days and more; there have not been any major problems—the market has been stable, social stability has been maintained, and the public has been assured. The central government's financial revenues and the country's foreign exchange reserve have been on the increase. All these indicate the Chinese Party and Government's prestige, courage, resourcefulness, and ability. We are determined to carry through to the end the reform of building a socialist market economic system. China's reform will triumph!

While speaking on the current hot issue that has drawn international attention—China's inflation problem—Vice Premier Zhu said: Hong Kong's inflation is still at 9 percent. Mainland China's inflation is not as serious as people have thought. From 1990 to 1992, China's inflation had been maintained at one digit, and it was 13 percent last year, which was a little too high. The main reason was that the price reform lifted the control over the prices of some capital goods that were originally under planned economic control and whose prices were too low. Excessive increase in the scale of capital construction also contributed to the increase of capital goods prices. We have taken measures to control the scale of the capital construction and have appropriately controlled the monetary supply. However, because more price reform measures will be instituted this year, this year's inflation will still be at about 10 percent. But we have the confidence to gradually lower it to one digit next year. Chinese workers' income increased 25 percent last year; taking the inflation into account, people's living standards still continued to improve and Chinese society is stable.

Vice Premier Zhu continued: This year is crucial to China's economic reform. Major reform measures will be launched, investigations and studies will be conducted in the course of practice, and these measures will be adjusted and improved. Next year the country will further adapt to the new situation of reform, and the year after next, China's economy will begin to enter the normal market economic course. He predicted that China's economy will continue to develop rapidly and in a sustained and healthy manner over a fairly long period ahead and its annual economic growth will be maintained at 8-9 percent.

Vice Premier Zhu stressed on many occasions in Japan: Success in China's economic reform will create more favorable conditions for Sino-Japanese economic cooperation and will contribute to both countries' economic rejuvenation and prosperity. In carrying out its economic reform, China has always paid attention to protecting the interests of foreign investors, including Japanese investors, in China.

Vice Premier Zhu's candid, realistic, and convincing remarks and answers have to a large extent removed Japan's economic circles' doubts and misgivings about China and have enhanced their confidence in China's economic reform. After meeting with Vice Premier Zhu

or after hearing his speeches, many people from Japan's economic circles said they believed China's economic reform definitely will succeed, adding that Japan's economic circles can feel relieved and should not hesitate to develop economic, trade, and technological cooperation with China. Fumio Sakuruchi, former speaker of Japan's Lower House and chairman of the Japan Trade Promotion Council, said the news Vice Premier Zhu brought was encouraging and was being spread around Japan.

There Is Much To Be Achieved if We Seize the Opportunity

In conversations with people from the Japanese business community, Vice Premier Zhu pointed out that the Chinese and Japanese economies are mutually complementary and both sides can make up each other's deficiencies. The evolving situation is providing a historic opportunity for mutually beneficial cooperation between the two countries. The fast growing Chinese economy needs Japan's capital and technology while Japan, which is undergoing the most profound post-war industrial restructuring, needs China's market, low-cost, high-quality labor forces, and abundant resources. Seizing the opportunity is a major challenge of profound significance facing both China and Japan.

Many people are aware of the opportunity; many in the Japanese business community have one question or another on whether and how they can utilize this opportunity. Some people are worried that industrial readjustment and the shift of some manufacturing to China will result in the "hollowing out" of Japan, disrupting Japan's employment and stability. Vice Premier Zhu hit the nail right on the head when he pointed out: Japan is reaping a trade surplus of over \$100 billion annually. This situation cannot be sustained for long. High labor costs have resulted in Japan's gradual loss of its competitiveness in traditional products. Japan will lag behind and find itself in trouble if it does not take timely action to readjust its industrial structure. Some mass media in the United States have criticized the "hollowing out" of Japan. As a matter of fact, many large U.S. corporations have already readjusted their production structure by shifting manufacturing to China and Southeast Asia. They provided training to the surplus work force and shifted them to industries that yield a higher added value. The end result of this is increased international competitiveness of U.S. products. This is also one of the reasons the U.S. economy is recovering faster than others. Many Japanese big corporations have adopted the same strategy with striking results.

Some people are worried that technology transfers will help make China a competitor to Japan. Vice Premier Zhu: It's not true. Japan's principal way of transferring technology to China is joint production under the joint-venture format. Under such arrangements, China and Japan will become, instead of competitors, partners of equal and mutually beneficial cooperation working jointly in developing the international market. Many

farsighted Japanese businessmen have already started doing so. Cooperation in the production of videotape recorders between China and Matsushita Electric Industrial Company serves as a model. Imports of Japan's technology accounted for 28 percent of China's total technology imports in 1993. Kazuhira Seki, president of the well-known Isuzu Motors, told Vice Premier Zhu that his company has seen an improvement in economic returns by transferring technology and undertaking joint production with China.

Certainly, in the process of deepening Sino-Japanese cooperation, China and Japan will inevitably encounter some problems. Vice Premier Zhu believed that there are problems on the way to development. As China's reform moves forward with success, and so long as the two sides will—on an equal and mutually beneficial footing—display mutual understanding and accommodation and consult each other in a friendly way, problems can be solved without too much difficulty.

During his visit, Vice Premier Zhu emphasized on more than one occasion: The respective characteristics of the Chinese and Japanese economies and the favorable temporal, geographical, human, political, economical, and other factors are closely binding our two countries together. Sino-Japanese cooperation is taking shape like an irresistible historical tide. There are very bright prospects for cooperation between the two countries. Trade between China and Japan in 1933 was worth \$39 billion, a record high. Vice Premier Zhu said: This is not a small figure. However, when compared to the potential for Sino-Japanese economic cooperation, the figure is quite small. A figure ten times that would be about right. The day that this will be attained should not be far away and the two countries should make common efforts. These comments by Vice Premier Zhu were warmly received and struck a strong sympathetic chord in Japan's business community. As many friends in the Japanese business community told Vice Premier Zhu and his entourage, the business communities of China and Japan should join hands to seize the historic opportunity, utilize their potential, and pool their efforts in pioneering undertakings to jointly usher in a new era of Sino-Japanese relations centered on economic cooperation.

Japan's Hosokawa Cited on Ties With U.S., China

OW0403222094 Beijing XINHUA in English 1424
GMT 4 Mar 94

[Text] Tokyo, March 4 (XINHUA)—Japanese Prime Minister Morihiro Hosokawa said today that Japan would cooperate with the United States to settle serious trade and economic issues in the spirit of mutual trust.

In a speech on policy to the Japanese Diet (parliament), Hosokawa also pledged to foster forward-looking relations with the international community in the coming years.

The statement comes after the failure to reach an accord on trade issues in last months summit talks with U.S. President Bill Clinton. Japan rejected U.S. demands to set numerical targets on the country's imports of U.S. products.

However, Hosokawa told the Diet that he believed Japan must take effective measures to achieve a highly significant decrease in its current account surplus over the medium term, while firmly adhering to free-trade principles.

Commenting on Sino-Japanese ties, the premier noted that the two countries had made major strides forward over the last 20 years and more.

"I intend to work to have the cooperative relationship between Japan and China contribute even more to the international community," said Hosokawa, who is scheduled to visit China later this month.

The prime minister stressed that Japan would work to achieve stable and open cooperative relations with the Asian-Pacific region where economic development is most encouraging.

Venture With Japan, Hong Kong To Produce Compression Motors

OW0603135494 Beijing XINHUA in English 1302 GMT 6 Mar 94

[Text] Xian, March 6 (XINHUA)—A contract was signed this morning in this capital of Shaanxi Province for a joint project between the Chinese Mainland, Japan and Hong Kong to produce the newest kind of refrigeration compression motor.

Experts say the motor has the features of high efficiency, low noise, light vibration and low energy consumption. At present, only a few countries have grasped such production know-how.

The three sides will invest a total of 68 million yuan (about 7.82 million U.S. dollars) in the project, with the Chinese side offering the technology and 40 percent of the investment.

The technology is a one of the state key scientific research achievements during China's "Eighth Five-Year Plan" (1991-1995). It passed the state appraisal in November 1992.

Every year 80,000 compression motors are expected to be produced after completion of the production line.

Near East & South Asia

Qian Qichen Meets Iranian Counterpart 5 Mar

OW0503162094 Beijing XINHUA in English 1601 GMT 5 Mar 94

[Text] Tehran, March 5 (XINHUA)—Chinese and Iranian foreign ministers said here today that the two

countries will further enhance cooperative relations in various fields, including politics, economy and trade.

Visiting Chinese Vice-Premier and Foreign Minister Qian Qichen held a formal talk today with Iranian Foreign Minister 'Ali Akbar Velayati.

The two ministers expressed their satisfaction with smooth development of the bilateral relations and exchanged views on further development of economic relations and trade between China and Iran.

Velayati said that the past few years witnessed visits of top leaders of the two countries. The visits of officials at different levels have also increased. The exchange of visits have advanced the steady development of friendly and cooperative relations of the two countries.

His Chinese counterpart Qian Qichen echoed that both China and Iran enjoy traditional friendship. The Chinese Government pays great attention to developing friendly and cooperative relations with Iran.

The Chinese foreign minister said that the bilateral relations have developed in a sustained and stable way in the past few years. The two countries share same or similar views on many major international issues.

As a result, he added, the bilateral trade has grown very fast and economic cooperation has been strengthened.

Speaking about the Afghan issue, Qian said that China is deeply concerned about the Afghan situation and hopes that all factions should avoid bloodshed and disputes and make a permanent cease fire as soon as possible for the sake of state and national interest.

He suggested that all groups should eliminate differences through negotiations and coordinations in a bid to restore peace and stability, realize national conciliation and reconstruct the country.

Iranian Foreign Minister Velayati said that Iran is concerned very much about the civil war in Afghanistan. U.N. mediation efforts have failed. It seems that the neighboring countries of Afghanistan should display their roles if they want to solve the Afghan issue.

As to the international situation, Qian said that different countries vary in political systems, economic development, religions, cultures and traditions. "This is the objective reflection of diversification of the world," he added.

He noted that all countries should maintain mutual respect, peaceful coexistence, and should not impose their own social system and ideology upon other countries.

Velayati said that Iran maintains that countries in the region should strengthen cooperation, handle the regional affairs well and oppose any interference by hegemonism and power politics in regional affairs.

More on Qian-Velayati Talks

TA0703080794 Beijing China Radio International in Persian 1800 GMT 6 Mar 94

[Text] Following their talks in Tehran on 5 March, Qian Qichen, PRC State Council vice premier and foreign minister, and Iranian Foreign Minister Velayati affirmed that the two countries will further expand their mutually beneficial cooperation in the political, economic, and commercial spheres.

In the course of their talks, the two foreign ministers also exchanged views on the situation in Afghanistan. Qian expressed the hope that the Afghan groups will be able to overcome their differences through negotiations and consultation. Velayati particularly stressed that Afghanistan's neighboring countries should play a role in solving Afghanistan's problems.

Referring to the international situation, Qian said that the fact that the world is made up of countries that have different political and social systems, pursue different ways of achieving economic progress, and have different religious and cultural traditions is tangible proof that the world is not homogeneous. Different countries should respect each other, live in tranquillity and peace, and refrain from imposing their social systems and ideology on others.

Velayati said that Iran wants the states of the region to enhance their cooperation, manage regional affairs by themselves, and oppose hegemonist intervention and the policy of coercion.

Says Iran Visit 'Successful and Fruitful'

OW0603190394 Beijing XINHUA in English 1849 GMT 6 Mar 94

[Text] Tehran, March 6 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen wound up his three-day official visit to Iran and left here this evening.

Speaking at a press conference at the end of his visit, Qian termed his visit to Iran as "successful and fruitful," hoping that the two countries will promote their bilateral relation in various fields.

"The Chinese and Iranian peoples shared historical and friendly relations and bilateral cooperation between the two countries has been well expanded in recent years," said the foreign minister, who arrived here Friday [4 March].

Trade between the two countries hit the historical height last year, he said, but "both the two sides believe that there are more potentials for cooperation in various fields."

Iran, which is the bridge between Asia and Europe, has its strategic importance, said Qian, adding that Beijing-Tehran relation is based on mutual respect, mutual benefit and non-interference in each other's internal affairs.

He believed that the friendly relations between the two Asian countries will help maintain peace and stability in the region.

Referring to the result of his tour of five Asian countries, including Pakistan, Bangladesh, Sri Lanka, Maldives and Iran, Qian said that Asian countries have many points in common despite their differences in religion, politics and culture.

All these countries are trying to improve their economic situation and are ready for regional cooperation, the Chinese vice-premier said, adding that these countries share same or similar views on many important issues.

He also announced China's readiness to expand friendly cooperation with these Asian countries.

Asked about China's view on the report that Washington set the improvement of human rights state in China as the precondition for extending most favored trade status to China, Qian opposed any linkage between politics and trade, saying that they are two separate issues and there are no direct links between the two issues.

On his part, Iranian Foreign Minister 'Ali Akbar Velayati said that bilateral ties as well as regional and international issues were the main topics for Qian's talks with Iranian leaders.

Iran and China have achieved a great deal of successes in their cooperation, particularly in economic cooperation, Velayati said. Trade between the two countries exceeded 700 million U.S. dollars last year, the highest in the history of the two countries.

Iran and China share same or similar views on many regional and international issues, said Velayati, adding that relations between the two countries are based on independent foreign policy.

He hoped that the bilateral relations will be further expanded.

Qian Qichen Meets Indian Counterpart in Tehran

OW0603190994 Beijing XINHUA in English 1858 GMT 6 Mar 94

[Text] Tehran, March 6 (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen held talks here today with Indian Foreign Minister Dinesh Singh to exchange views on bilateral relations and issues of common concern.

During the meeting, the two ministers expressed their satisfactions with the development of the relations between the two countries in recent years.

Singh said that the relations between India and China have developed smoothly during the past few years and trade between the two countries has registered a steady growth.

He hoped that the bilateral relations would be further promoted.

Qian said during his recent tour of southern Asia, also including Pakistan, Bangladesh, Sri Lanka and Maldives, he found that relations among southern Asian countries have well developed and their economic situation changed.

He hoped that southern Asian countries would continue to improve their mutual relations and cooperation in order to maintain peace and stability in the region.

He also hoped that China and India would strengthen their bilateral cooperation in the fields of economy, trade and culture.

Singh, who arrived here for a visit Sunday [6 March], invited Qian to visit India in the near future and his Chinese counterpart accepted the invitation.

Qian, who arrived here Friday for a three-day official visit, left here this evening.

Qian Qichen Returns to Beijing

OW0703071794 Beijing XINHUA in English 0706 GMT 7 Mar 94

[Text] Beijing, March 7 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen returned here this morning from an official good-will visit to five Asian countries.

The two-week trip carried Qian to Pakistan, Bangladesh, Sri Lanka, the Maldives and Iran.

Among those greeting Qian at the airport were He Chunlin, deputy secretary-general of the State Council, Vice-Foreign Minister Tang Jiaxuan, Assistant Foreign Minister Wang Yingfan and diplomatic envoys from the countries concerned.

West Europe

European-Based Airbus Makes Deal With Aviation Firm

OW0603033794 Beijing XINHUA in English 0319 GMT 6 Mar 94

[Text] Xian, March 6 (XINHUA)—The European-based Airbus Industrie has reached an agreement for cooperative projects with China Aviation Supplies Corporation, involving tens of millions of U.S. dollars, a spokesperson for the air giant said at a news conference here.

Under the agreement, Airbus, one of the world's three largest aircraft manufacturers, will further commission China's Xian Aircraft Industry Corporation and Shenyang Aircraft Industry Corporation to produce parts for it.

Analysts said that the move is expected to expand cooperation between Airbus and China, as well as to increase Airbus' share in the potentially huge market of China.

Airbus started its cooperation with Chinese manufacturers in 1985, when it delivered an A310 aircraft to the Shanghai-based China East Airlines.

Parts produced for Airbus by the two Chinese corporations in recent years include protection hatch doors for A300s and A310s, carbon fiber-made vertical tail ribs and wing ribs, and emergency exit hatchways for A320s, as well as supplementary parts for A300s and A310s.

To date, Airbus has sold 35 aircraft to China, 18 of which were delivered last year.

Market forecasters said China is expected to purchase 620 airplanes between now and the year 2011, about 21 percent of the global demand during that period.

Official figures show China's air industry expanded by 30 percent in 1993, despite a world-wide recession.

To get to grips with the Chinese market, which Airbus considers its most hopeful business opportunity, Airbus has opened a new office in China, called Airbus Industrie China, to handle increasing business activities in this most populous country of the world.

Airbus also plans to set up a training center in Beijing this spring in a bid to provide better services for its Chinese customers.

Sources said that the recently signed agreement did not spell out what particular parts the two Chinese partners will produce for Airbus. But they said the new parts will involve more sophisticated techniques and more advanced technological know-how.

Boeing Corporation of the United States also struck a big deal with Chinese manufacturers late last year.

NPC Chairman Meets Finnish Parliament Speaker 4 Mar

OW0403132594 Beijing XINHUA in English 1244 GMT 4 Mar 94

[Text] Beijing, March 4 (XINHUA)—Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC), met here today with Riitta Uosukainen, Parliament speaker of Finland, and her party.

Qiao said that bilateral ties have developed smoothly since the two countries established diplomatic relations 43 years ago, although great changes had taken place in both countries during that period.

He said that he was convinced that the friendly cooperative relations in various fields between the two sides will keep on expanding, and that the current visit would further cooperation.

Qiao also outlined China's economic developments to the guests.

Uosukainen spoke highly of China's economic achievements.

She said that the two countries can expand their cooperation in fields of economy and trade, science and technology, culture and education.

Chen Muhua, vice-chairwoman of the NPC Standing Committee, also met with the Finnish guest this afternoon.

During the meeting, Chen gave the visitors an outline of the NPC's functions and set-up, as well as the preparatory work for the 4th World Women's Conference, which is due to be held in Beijing next year.

The Finnish visitors arrived here this morning at the invitation of the NPC Standing Committee.

Li Ruihuan Meets Parliamentarian

OW0503135094 Beijing XINHUA in English 1305
GMT 5 Mar 94

[Text] Beijing, March 5 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) met Finnish Parliament Speaker Riitta Uosukainen and her party here this morning.

Welcoming Uosukainen on behalf of the CPPCC, Li said that Sino-Finnish relations have developed steadily while having sound cooperation in economy and trade and enjoying friendship in preserving world peace.

To further cooperation in the spheres of trade, economy, science and technology was in the basic interests of both countries and has broad prospects, Li said.

He pointed out that China needs a favorable international environment and comprehensive international cooperation, for it has a large population and a weak base for development, with many issues to solve and great economic construction to implement, despite its impressive achievements since the unfolding of reform and opening-up.

He emphasized: "It is our policy to learn from other countries' advanced technology and experiences."

Riitta Uosukainen was very grateful for meeting Li.

She said that countries, big or small, are complementary economically, and hoped to improve friendship between China and Finland, and expand the scale of cooperation in the fields of economy, trade, education, science and technology.

Li briefed the visitors on China's reform and opening-up as well as the construction of a socialist market economy.

Political & Social**XINHUA Reports Wei Jingsheng 'Summoned'****Reportedly Violates Parole**

OW0503174994 Beijing XINHUA in English 1740
GMT 5 Mar 94

[Text] Beijing, March 5 (XINHUA)—On March 4, Wei Jingsheng was summoned in accordance with the law by the public security organ of Beijing for violating the relevant regulations during his probation period for parole.

Wei Jingsheng was sentenced to 15 years' imprisonment in October 1979 in accordance with the law by the Chinese court on account of violating the criminal law by engaging in activities which endangered the state security.

Last September, he was granted parole in accordance with the law by the Chinese judicial organ in the light of his behavior in prison.

Writes Column Prior to Arrest

HK0503033094 Hong Kong EASTERN EXPRESS in English 5 Mar 94 p 14

["Exclusive" commentary by dissident Wei Jingsheng: "Investors Beware of Beijing's Changing Times"]

[Text] [Editor's note] This commentary was written for Eastern Express by Wei Jingsheng before he was detained by Chinese police in Beijing yesterday. [end editor's note]

As a general rule, people go into business using as a basis their own experiences and what they have learned from others. With certain assurances, they then risk their own money or someone else's. Very few run their business according to what teachers have told them. Even fewer seek advice from politicians. This is because what teachers and politicians can offer in the way of advice is already taken for granted—it is a constant factor in economic activity.

Competent entrepreneurs are those who utilise their foresight and judgement in that domain of uncertainty, or who fall upon good luck (and achieve success). From a different point of view, the more fixed and guaranteed the economic and legal system, the smaller the domain of risk. Such an environment safeguards not only the income of employees but also the profits of entrepreneurs and traders. Since entrepreneurs can devote time and energy to a smaller area of changeability, their efficiency quota will be higher and their luck can improve, even though not everyone will strike it rich.

The history of developed countries is a good example. Crosscountry comparisons do not easily give simple, clear and explanatory analysis because they are confused

by many factors including different cultural backgrounds, historical geography, resource circumstances and even the number of people. Some academics prefer the most complex approach and the most dubious answer because that helps increase attention paid to their works and puts off critics (readers confused by the superfluous and boring works will find it just as hard to understand what the critics are saying). But businessmen and politicians tend to state and solve problems only in the simplest and clearest way in order to avoid missing an opportunity.

I can sum up simply: By comparing people at different levels, the benefits of the people (businessmen included) will be secured and the competency of businessmen will be increased, since in any country, as the standard of the authority and the justice in the legal system of all countries is improved, the rights of the people will be better guaranteed, and their economic capabilities enhanced.

I do believe that businessmen have different degrees of talent and this may have no relation to educational attainment, because the one who gets the highest grades will not necessarily be the winner in the world of business.

Consider for a moment the developmental history of other countries, which makes it clear no country or society can dispense with legal protections or economic environment standards if it is to upgrade its economy.

This is an important issue for investors to consider.

Anyone who does not believe this, need only look back on their own country's development history or consult a veteran businessman who has experienced this history. Most of them would agree with my simple conclusion here.

But in no circumstances should you consult the professor who has written many volumes of academic writings. If you do, I doubt you will ever reach the correct conclusion. Most people, unlike the professor, would find it difficult to avoid fainting under the weight of tedious and cliched conjecture.

What I have been discussing here is directly relevant to the current investment environment in China. This explains why China—a nation which has considerable business experience—has not produced many successful businessmen or companies. The reason is that the economic environment in China lacks the constant factors that are so prevalent in the West, and it does not have an effective and fair legal environment. It has nothing to do with any supposed shortage of talent or lack of desire to get rich.

Some Western businessmen arrogantly claim "China does not protect the property of its own people from encroachment, but it does protect property owned by foreigners". There are also some smooth talkers in the Chinese government who are offering guarantees to

everyone, saying: "Although China's economic environment is not perfect, the Chinese government provides preferential conditions to foreigners," and so on.

I think people who say things like this are tricksters, or at least they lack judgement and foresight. If you invest your own money or that of others on the basis of their poor judgement, it is certain the risks will be several times greater than for an investment in your own country: This is because most people make judgements conditioned by their experiences in their own countries. So it is certain that someone will be cheated.

Just as some people accustomed to the affluent lifestyles in the West cannot imagine how Chinese people survive on an income of less than US\$100 a year, managers and businessmen who are used to legal protection find it difficult to estimate risks in a society like China where there is no legal protection.

In fact, if I were to make a list of the contingencies you would face, it would be as long as the writings of the professors. I can only tell you this: In a situation where you are protected, then it is easy for you to know what that protection is; but when you are not protected, you will find it very difficult to know what risks you may face.

Logic would suggest that any government that fails to provide an adequate economic environment for its citizens while, at the same time, offering preferential treatment to foreigners is treating its citizens unfairly.

The citizens of this country will not put up with such unfair treatment for long. They will use every means to change this situation. We know from history that at times of great social change, unfair phenomena can easily change to the opposite extreme. That is, while it is the Chinese citizens who are treated unfairly, in the future it may be the foreigner.

There are numerous instances over the past century which illustrate this. This is particularly so in situations where foreigners have participated in the exploitation and oppression of local citizens, and more so when this oppression and exploitation drives the majority of people to anger past reason. Even a great and powerful politician would have no choice but to give way to this kind of deep, popular emotion of revenge.

The Chinese people are a rational race, but other people must be rational as well. The Chinese, moreover, always look down on unscrupulous businessmen who are concerned only with profit.

The main problem with investing in China, therefore is that what is needed first of all is a political investment. This would not only be helpful to the Chinese people, but would allow foreign businessmen to create a favorable economic environment for themselves, and contribute to protecting the economic interests of all.

The potential of China's vast market is very seductive. But if investors fail to invest in helping the rational

forces of democratic reform, and instead leave China's fate in the hands of reactionary autocrats or other unpredictable elements, then this is not merely harmful to the interests of the Chinese people. It is also harmful to the interests of the businessmen who have invested in the China market themselves.

Because it doesn't matter what passport you hold; when you are operating in China you have become a part of the Chinese economic system—a passport has no validity in the market.

You may be thinking like many Chinese private entrepreneurs: "Take advantage of the situation while the communist party hasn't got on to me, make a bundle quick and then get out." If you do this you may be able to make a great deal of dirty money. But I warn you to make sure you get out at the right time. Don't get your feet so stuck in the mud that you can't pull them out.

Paper Reports on Detainees

HK0503040094 Hong Kong MING PAO in Chinese 5 Mar 94 p A2

["Special dispatch": "Beijing Detains Eight Dissidents; Wang Dan Later Released, But Wei Jingsheng's Whereabouts Are Still Unknown"]

[Text] In the past few days the Chinese authorities have taken sudden action to deal with dissidents. The authorities detained and took away eight dissidents, including Wei Jingsheng and Wang Dan, over two days.

The National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] will open in Beijing next week, while U.S. Secretary of State Christopher will also begin a four-day visit to China next week; the crack down by Beijing at this time has caused guessing on all sides.

The Chinese Foreign Ministry yesterday confirmed that dissidents Zhou Guoqiang, Yuan Hongbing, and Wang Jiaqi have already been detained, and that Wang Dan and Wei Jingsheng have been taken away by public security personnel. Wang Dan was later released, but Wei Jingsheng is still missing.

The human rights organization Asiawatch revealed that two dissidents in Shanghai were also detained. Well-known pro-democracy movement figure Xu Minli, like Wang Dan, was also taken away for a "conversation." The authorities hope that he will leave Beijing next week, and Xu Minli was later released.

Wang Dan was a student leader in the 1989 pro-democracy movement. During a long-distance telephone interview yesterday with our reporters after his release, he said that on the previous evening he and three friends had wanted to go to Zhengzhou; when the train was about to leave the station, several plain-clothes public security personnel from the First Department of the Beijing Municipal Public Security Bureau took him to a police substation by the train station. Wang Dan asked

them: "Why do you want to detain me?" A public security personnel said: "You say less words!"

Wang Dan said that during the whole period of detention, the public security personnel did not say anything other than a few words to him. After 15 hours under detention, he found it unbearable, and started a fast, consequently, he was released early yesterday morning by the public security personnel after 24 hours of detention. He cited the public security personnel as saying that "it was a misunderstanding, and it is not quite convenient to tell you why there was misunderstanding."

Wang Dan said that the public security personnel who detained him told him to leave Beijing during the period when American officials were visiting and during the NPC and CPPCC. Wang Dan refused. He said: "If the authorities do not force me to leave, I will not leave Beijing in March."

Wei Jingsheng, another well-known pro-democracy movement figure, who just met visiting U.S. Undersecretary of State John Shattuck on Sunday, was also taken away by public security personnel yesterday morning.

According to his secretary, at about 1000 [0200 GMT] yesterday morning, Wei Jingsheng was taken away by three public security personnel from his younger brother's home; he called in the afternoon and told her to cancel all his activities for the following one or two days, but he did not say why he had been arrested or when he would be released.

Wei Jingsheng, who was sentenced to 15 years in prison for his part in the 1978 Democracy Wall movement and who was released on parole last September, urged the United States to take a tough stance on China's human rights issue when he met Shattuck on Sunday.

Reporters from this newspaper made a long-distance call to Wei Jingsheng's family and asked them whether they knew about his arrest, and they replied that they "did not know." They also said that Wei stayed at his younger brother's home which does not have a telephone; as for this younger brother's address, they only said that "it is in Beijing" and "far away." They also said that Wei Jingsheng usually "avoids going home as much as possible," and that he stayed in the homes of friends or relatives in turn. Wei returned home on the afternoon of 2 March to have lunch and called home on the evening of 3 March just to say hello and talk about family matters, without saying other things.

A Foreign Ministry spokesman yesterday confirmed that the public security department had arrested Zhou Guoqiang, Yuan Hongbing, and Wang Jiaqi, because they had "violated the criminal law." The spokesman said that China's law enforcement organs "base on facts, use the law as criterion, and handle cases independently." But the spokesman said he did not know that Wei Jingsheng had been taken away. Yuan Hongbing is a history lecturer at Beijing University; he is well-known for his courage in organizing activities opposing the

authorities, and his book, "The Trends of History," which was published last year, caused controversy. Wang Jiaqi is a graduate law student at Beijing University, and Zhou Guoqiang is a signatory of the "peace charter," as well as the lawyer who represented Han Dongfang, a trade union movement leader who is currently stranded in Hong Kong. The authorities accused Zhou of producing prints on T-shirts to arouse discontent and arrested him for this reason.

Recently, the United States has kept exerting pressure on China on the human rights issue. A number of officials have visited China lately. Secretary of State Christopher is scheduled for a four-day visit to China beginning next Friday. One of his important duties during the trip is to assess whether improvements in the area of human rights in China is sufficient to enable him to suggest the extension of China's most-favored-nation trading status.

Undersecretary of State Shattuck, who has just concluded a five-day visit to China, yesterday dropped by Hong Kong on his way home. He talked about the new round of crack downs on dissidents in China and said he did not know whether such a move would affect Christopher's visit to China next week.

U.S. Undersecretary of State Shattuck said: "Learning about China's detention of dissidents, I am very disappointed. I once again urge Beijing to release those who have been arrested simply because they express their views peacefully."

Wang Dan, who was detained for 24 hours, analyzed that there might be two reasons why the authorities had detained the dissidents: First, Christopher will visit China next week, and the authorities fear that U.S. officials will meet these people; second, the NPC and the CPPCC will soon be held, and as overseas reporters will rush in, dissidents are also a focus of media attention. Wang Dan thought that the authorities' move to detain dissidents in the past few days was very unwise as it will only cause a tense atmosphere.

In November 1991, visiting U.S. Secretary of State Baker wanted to see Dai Qing, a reporter with GUANG-MING RIBAO, but Dai Qing went missing before the meeting; afterwards, it was confirmed that she had been "invited" to Beidaihe [a beach resort in Hebei Province popular with the PRC leadership] to "take a rest."

Ministry Confirms 3 Arrests

HK0503030294 Hong Kong SOUTH CHINA MORNING POST in English 5 Mar 94 p 1

[By Geoffrey Crothall in Beijing and agencies]

[Text] China yesterday detained its best-known dissident, Wei Jingsheng, less than six months after he was released from more than 14 years in jail. The detention came less than a week after U.S. Assistant Secretary of State John Shattuck delivered a letter from a group of U.S. Congressmen to President Jiang Zemin saying

China would lose its Most Favoured Nations (MFN) trading status this June if more political prisoners were not released.

It also came a week before the U.S. Secretary of State Warren Christopher's visit to China Mr Christopher is to tell Chinese leaders that billions of dollars worth of exports to the U.S. are in jeopardy because of their human rights record. The detentions drew an immediate response from Mr Shattuck who left Shanghai yesterday saying he was "disturbed" to hear of the crackdown and again urged Beijing to free all political prisoners. Asia Watch, the human rights watchdog, last night issued a statement urging Mr Christopher to postpone the visit to China in view of the latest crackdown.

The detention of Wei followed the arrest of at least four other dissidents in Beijing on Thursday [3 March] and is being seen as part of a concerted effort to keep Beijing's dissident community quiet during the forthcoming session of the National People's Congress [NPC]. Wei was taken away from his office at 10 am yesterday by three plain-clothes police officers.

Former student leader, Wang Dan, was detained for 24 hours along with two friends at Beijing Railway Station on Wednesday as they were about to board a train to the central Chinese city of Zhengzhou. Mr Wang said yesterday the police gave no explanation as to why he was being held. "It was very strange, they did not interrogate me, just kept me at the railway police station for a few hours," he said.

Mr Wang, a key figure in the 1989 student demonstrations, said he did not believe the authorities would be able to keep Wei locked up for too long. "They will probably detain him for a few days and try to persuade him to go out of town for the duration of the NPC," Mr Wang said, "but knowing Wei Jingsheng, he will not go voluntarily."

The Foreign Ministry refused to comment on the detention of Wang and Wei but confirmed the arrest on Thursday of three other dissidents, including Zhou Guoqiang, the Beijing-based lawyer of labour leader Han Dongfang. "Zhou Guoqiang and Wang Jiaqi violated criminal laws and were arrested and investigated by the (Beijing) judicial authorities," the ministry said yesterday. A third dissident, Yuan Hongbing, "took part in a criminal action and was arrested and investigated by the Guizhou judicial authorities (in southwest China)", it said.

In Shanghai at least four activists were detained for 24 hours—apparently to stop them from meeting Mr Shattuck. Yang Zhou, a veteran activist there, said he was freed yesterday afternoon after being locked up at a police station. According to Yang, he was scheduled to meet Mr Shattuck on Thursday, but was unable to attend because of "strong police surveillance".

"I had planned to tell Mr Shattuck that the US should give China MFN this year. After all there has been

progress on human rights in the country over the years," Yang said. "But I am very angry over what they did. I have done nothing wrong and the detention is absolutely illegal," he added. Three others freed yesterday were medical teacher Bao Ge and activists Dai Xuezhong and Yang Qinheng.

Wei Reportedly Released

HK0503080094 Hong Kong RTHK Radio Seven in Cantonese 0730 GMT 5 Mar 94

[From the "News in Brief" program]

[Text] After being detained for 24 hours, Chinese dissident Wei Jingsheng has been released. Wei Jingsheng's friends, who received a phone call from him, said that he still has to handle some private matters and would return to Beijing later today. A Chinese Public Security Ministry spokesman confirmed that because Wei Jingsheng had violated the law he must abide by during his parole period, he was summoned by Beijing Municipal Public Security Bureau for a 24-hour period, which has ended.

Further on Release

HK0503081694 Hong Kong AFP in English 0801 GMT 5 Mar 94

[Text] Beijing, March 5 (AFP)—China's most prominent dissident Wei Jingsheng has been released after being detained for more than 24 hours by public security officials, a friend of Wei's said Saturday.

The friend said Wei had telephoned at 12:20 p.m (0800 GMT) [time as received] to say that his period of interrogation had finished and he would be returning to Beijing later Saturday evening.

Wei, who was picked up by police Friday morning, was taken to a state guesthouse in the northern outskirts of the city, the friend said by telephone.

Wei, who was released from prison on September 14 just six months short of a 15-year term, was taken into detention just four days after meeting in Beijing with U.S. assistant secretary for human rights John Shattuck.

During the meeting, Wei had urged Washington "to be as tough as the Chinese" over the question of human rights in China.

AFP Reports Release

HK0503085694 Hong Kong AFP in English 0838 GMT 5 Mar 94

[Text] Beijing, March 5 (AFP)—China's most prominent dissident—Wei Jingsheng—has been released after he was detained for more than 24 hours by public security officials, a friend of Wei's said Saturday.

The friend told AFP that Wei had telephoned at 12:20 p.m. (0800 GMT) [time as received] to say his interrogation had finished and he would be returning to Beijing later Saturday evening.

Wei was picked up by police Friday morning and taken to a state guesthouse in the northern outskirts of the city, the friend said by telephone. Wei, who was released from prison on September 14, just six months short of a 15-year term, was taken into detention four days after meeting US Assistant Secretary of State for Human Rights John Shattuck in Beijing. During the meeting, Wei had urged Washington "to be as tough as the Chinese" over the question of human rights in China.

Wei had played a leading role in the 1978-79 Democracy Wall movement when he called for full democracy in China and denounced paramount leader Deng Xiaoping as a despot. His detention this week came amid a crackdown on political dissidents that saw at least seven activists picked up in a police sweep in Beijing and Shanghai.

Veteran Shanghai dissident Bao Ge, who was taken into police custody in the eastern city on Thursday evening, said he had been detained for 22 hours in an apparent attempt to prevent him meeting with Shattuck.

Bao, contacted by telephone, said that prior to his detention he had been approached through an intermediary about a possible meeting with Shattuck, who had a brief stopover in Shanghai Thursday after his Beijing visit. Although his interrogators had not mentioned Shattuck by name, the 30-year-old Bao said they had warned him against meeting foreign officials. He also received a strong warning to refrain from any protest activity during the visit to China of Japanese Prime Minister Morihiro Hosokawa from March 19-21.

Bao was a leading spokesman for a grassroots pressure group that pushed the Chinese government to reopen the issue of Japanese war reparations. He had been detained by the authorities ahead of the state visit to China by Japanese Emperor Akihito in October 1992.

Friends of another prominent dissident, labour activist Zhou Guoqiang, who was picked up Thursday in Beijing for questioning about alleged anti-government activities, said they had had no news of his whereabouts or if he was still being detained.

Wei Jingsheng Returns to Beijing

HK0603033394 Hong Kong AFP in English 0219 GMT 6 Mar 94

[Excerpt] Beijing, March 6 (AFP)—China's most prominent dissident Wei Jingsheng has returned home after being detained for more than 24 hours by public security officials on the outskirts of Beijing, a relative said Sunday [6 March]. Wei returned to the Chinese capital late Saturday and "went to sleep very late" at his brother's house, the relative said by telephone, but declined to give details of his ordeal.

The dissident, who had been released from prison on September 14 just six months short of a 15-year term, was picked up by police early Friday and taken to a state guest house on the northeastern outskirts of the capital. He telephoned friends at 12:20 p.m. (0800 GMT) Saturday to say his interrogation had finished and that he would return home later that day. [passage omitted]

Wei, Others Comment

HK0603081694 Hong Kong MING PAO in Chinese 6 Mar 94 p B1

[Report: "Chinese Dissidents Wei Jingsheng, Bao Ge, and Yang Zhou Have Been Released After Detention, at Least Other Four Are Still Under Detention"]

[Excerpts] Democracy activists Wei Jingsheng, Bao Ge, and Yang Zhou have been released after a short detention by the Chinese authorities. It is believed, however, that a few dissidents are still being detained. U.S. President Clinton has criticized the detention of Wei Jingsheng and has asserted that this incident will affect Sino-U.S. relations. U.S. Secretary of State Warren M. Christopher has denied that he would cancel his visit to China—scheduled for this week—because of this incident. [passage omitted]

When interviewed by a MING PAO reporter yesterday, Wei Jingsheng's family said that he had phoned them yesterday afternoon to send his regards to his father and tell them that he himself was quite all right. Wei Jingsheng did not mention that he had been taken away by the police, and his father refused to further confirm his whereabouts.

An assistant to Wei Jingsheng said that she received a phone call from Wei Jingsheng around 1200 yesterday. Wei was calling from somewhere in the suburbs of Beijing, asking her to convey the message that he had been released. Wei said that he would return to the downtown area in the evening after meeting with a friend at Changping in the northern suburbs of Beijing.

Wei Jingsheng was one of the key figures in the 1978 Democracy Wall Movement. He was sentenced to 15 years of imprisonment by the authorities and was released on parole in last September. He was taken away by three policemen from his younger brother's home in the morning of the day before yesterday. Since that time, his whereabouts have been unknown.

During yesterday's phone call, Wei Jingsheng confirmed to his assistant that he had been officially "summoned, detained, and interrogated" by the public security sector. He was allowed to go home by the time he made the call, but he did not say whether his movements would be restricted, and he did not explain why he had been detained and interrogated. He just said that he had been treated well. Wei Jingsheng's family and his assistant

believe that the purpose behind his detention and interrogation was to embarrass the United States, which has consistently been pressuring Beijing to release political prisoners.

Meanwhile, Bao Ge, another dissident who has been calling for war reparations by Japan, was also released yesterday afternoon after being detained by the Shanghai public security bureau for 22 hours since Thursday [3 March] evening.

Bao Ge said he had earlier planned to arrange for a meeting with visiting U.S. Assistant Secretary of State Shattuck through a go-between, but he was detained before any arrangements were made. Although those who interrogated him did not mention Shattuck by name, they warned him not to meet with any foreign officials and strongly warned Bao Ge not to try to organize any demonstrations during the Japanese prime minister's visit to China.

On the other hand, Shanghai dissident Yang Zhou, who had arranged an appointment with Shattuck through the U.S. Embassy [as published] in Shanghai, found his home under surveillance by some plain-clothes men the day before yesterday, and he dared not go out for the appointment. He was later taken away by some uniformed policemen and detained for 24 hours until his release yesterday.

Yang Zhou said that, as far as he knows, at least five other dissidents were detained, specifically, Yang Jingheng, Dai Xuezhong, Bao Ge, Ma Wei, and Gong Xingnan. [passage omitted]

Further on Detentions

HK0603030694 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Mar 94 pp 1, 13

[By Geoff Crothall in Beijing, Simon Beck in Washington, and agencies]

[Excerpts] Beijing police yesterday released China's most famous dissident, Wei Jingsheng, after taking him in for questioning on Friday morning. But his detention provoked strong condemnation from the United States and further put at risk the renewal of China's Most Favoured Nation (MFN) trading status. Wei, 44, was held overnight at a Public Security Bureau guesthouse in the northern suburbs of Beijing before being freed yesterday afternoon.

It is understood Wei has been warned to keep a low profile or preferably leave the city altogether during the upcoming National People's Congress and the visit to Beijing of US Secretary of State Warren Christopher. Wei has been under constant surveillance since his release on parole from more than 14 years in jail last September and has already received several warnings to keep away from other dissidents and foreign journalists. But these are warnings he has consistently ignored, and most analysts were not surprised when he was picked up.

Wei, commonly accepted as the founder of China's fledgling democracy movement, called an associate yesterday from the Beijing suburb of Changping to say he was now free and expected to be home later in the day. "He called to say he is free, his detainment is finished. He will have dinner and return to Beijing," the friend said. [passage omitted]

In addition to Wei, at least four other dissidents in Beijing were arrested or were missing from their homes. Half a dozen activists in Shanghai were also rounded up to keep them from talking to Mr Clinton's top human rights official, John Shattuck, who was in China last week to prepare for the Christopher visit, dissidents said.

Wei, who became a potent symbol of China's lack of freedom of expression during his time in prison, had bluntly told Mr Shattuck, assistant Secretary of State for Human Rights and Humanitarian Affairs, that the US had to be tough on China to get progress. Friends of the democracy wall activist say, however, it is very unlikely that Wei will agree to leave Beijing voluntarily or stay out of view during the NPC. "He is a very strong willed person and very committed to the cause of democracy," a friend said. "He will not bow to the demands of the authorities without a fight."

Despite the release of Wei, three other dissidents arrested last week were still behind bars. Zhou Guoqiang, the Beijing-based lawyer of former labour leader Han Dongfang, law professor and editor Yuan Hongbing, and one of his students Wang Jiaqi were detained in the early hours of Thursday [3 March] morning and face serious charges which could result in lengthy prison terms. Zhou, a member of the "Peace Charter" group, was accused of "colluding with hostile foreign forces" and "disturbing social order". Yuan and Wang were accused by the Chinese Foreign Ministry of unspecified "criminal" activities.

Shanghai's most prominent dissident Yang Zhou and at least five other local activists were rounded up by police during Mr Shattuck's stay in the city, Mr Yang revealed yesterday. Other activists fled the city before the US envoy arrived, he said.

Mr Yang, a veteran of China's pro-democracy movement and a founding member of the Shanghai-based Association for Human Rights, said his home was surrounded by plain-clothes Public Security officials on Thursday, when he was due to see Mr Shattuck in a meeting arranged by the US consulate in Shanghai. "I didn't dare to go out. I knew that if I did I wouldn't get anywhere," he said. Uniformed police later entered his home and took him into detention for 24 hours before freeing him on Friday. They warned him of harsher action unless he changed his ways.

Mr Yang said at least five other dissidents, who had been involved in the 1989 Tiananmen Square protests and an earlier round of pro-democracy ferment in 1978, were also detained. They were Yang Qingheng, Dai Xuezhong, Bao Ge, Ma Wei and Gong Xingnan. Bao Ge,

who is leading a battle for compensation from Japan for its atrocities against the Chinese during World War II, said he was held for two days.

Meanwhile, five reporters from US-based news organizations taken on a government-arranged trip to a remote prison in China's northeast were not allowed to speak to a prisoner jailed there for being a leader of the 1989 Tiananmen Square protests, they said yesterday. While prison officials denied Liu Gang, 33, or any other prisoners were tortured, as alleged by human rights groups, the reporters could not verify that for themselves.

The journalists who went to the Lingyuan Number Two Labour Reform Detachment in Liaoning Province were shown videotapes of Liu, who was number three on the list of most wanted students after the army crushed the pro-democracy protests on June 4, 1989. At one point, officials told them to go to a window where they could see Liu, sentenced to six years in jail in 1991, walking with guards. They were then shown Liu smoking a cigarette and talking to guards on a closed-circuit television link that had no sound.

AFP Reports Zhai Weimin Arrest

HK0603082794 Hong Kong AFP in English 0816 GMT
6 Mar 94

[Text] Beijing, March 6 (AFP)—Chinese police detained 1989 pro-democracy movement student leader Zhai Weimin on Sunday [6 March], continuing a crackdown on dissidents ahead of the US secretary of state's visit this week. A friend of Zhai said by telephone that the dissident, who was sixth on the government's "most wanted list" following the 1989 Tiananmen massacre, was picked up at 2:40 p.m. (0640 GMT) by four policemen driving a red Volkswagen Santana as he walked along a street in Beijing's university area. The dissident was released from jail on September 13, after serving a 3-1/2 year term for "counterrevolutionary propaganda and incitement."

Chinese police have detained at least eight political activists in recent days, including Wei Jingsheng, the country's most famous dissident. Wei was released Saturday after spending more than 24 hours being interrogated on the northern outskirts of Beijing. He returned home late Saturday. "This is all part of the same thing as Wei," said Zhai's friend, who saw the dissident being taken away by car. "It's still going on, it's not over. They release some, but they keep on detaining others."

More on Student Leaders

HK0703045994 Hong Kong MING PAO in Chinese 7
Mar 94 p A2

[Report: "Two Former Leaders of Beijing Students Campaign Are Again Detained by Public Security Authorities"]

[Excerpts] John Shattuck, U.S. assistant secretary of state for human rights and humanitarian affairs, yesterday released a statement in Hong Kong, condemning China for detaining dissidents. Shattuck also warned that the action taken by the Chinese authorities over the past few days had cast a pall over Secretary of State Warren Christopher's forthcoming visit to China. It was on the same day that Shattuck released his statement that the Chinese authorities detained two more former Beijing student movement leaders, namely, Zhai Weimin and Ma Shaofang.

An informed source in Beijing revealed that Zhai Weimin, a student leader in the 1989 pro-democracy movement, was detained by the police yesterday afternoon and his whereabouts are unknown. Another student leader, Ma Shaofang, was stopped and detained by the police in Tianjin, enroute Beijing, and then sent back to Nanjing City, Jiangsu Province under escort.

A friend of Zhai Weimin said Zhai, who came to Beijing from his home province, Henan, was picked up by some policemen near the Qinghua University campus in Beijing's Haidian District around 1440 yesterday. His whereabouts are still not known. His friend estimates that there are two possibilities: Like the case of Wang Dan some days ago, Zhai Weimin may be released in a couple of days after being warned by the police; or he may be sent back to his home province of Henan under escort.

AFP quoted a friend of Zhai as saying that the incident took place when the 26-year-old Zhai was walking with a child along a street near Qinghua University. A red Volkswagen Santana suddenly arrived and four policemen got out of the car and picked him up.

Meanwhile, according to one of Ma Shaofang's friends, Ma originally planned to arrive in Beijing on 3 March from his home province of Jiangsu but he has not yet shown up in Beijing. A phone call from Ma's family yesterday said he had been stopped and detained by the Jiangsu provincial police a few days ago in Tianjin on his way to Beijing and he had been brought back to Nanjing by the police. What is going to happen to him is still unknown.

Zhai Weimin and Ma Shaofang are the 12th and 13th dissidents detained by the authorities in Beijing and Shanghai over the past four days. Some of the detained dissidents have been released, among whom are Wei Jingsheng and Wang Dan. Wei Jingsheng met with Shattuck, a senior U.S. State Department official who was visiting China to make preparations for Christopher's China mission. But, while Shattuck was still in China, Wei Jingsheng was detained for 24 hours and then released. The official XINHUA News Agency yesterday released a statement saying that Wei Jingsheng was summoned by the police according to the law because of his violation of parole regulations.

An informed source from the Beijing Municipality Public Security Bureau said the few democratic activists'

being summoned for interrogation over the past few days had little link with the convening of the National People's Congress session and the Chinese People's Political Consultative Conference National Committee session but, rather, is related to U.S. Secretary of State Warren Christopher's visit to China later this week. The authorities concerned intend to warn democratic activists not to "speak carelessly" during Christopher's visit to Beijing. [passage omitted]

The dissidents who were taken away by the police over the past four days are Zhai Weimin, Ma Shaofang, Wei Jingsheng, Wang Dan, Zhou Guoqiang, Yuan Hongbing, Wang Jiaqi, Xu Wenli, Bao Ge, Yang Zhou, Yang Jingheng, Dai Xuezhong, Ma Wei, and Gong Xingnan. It has been confirmed that Wei Jingsheng, Wang Dan, Xu Wenli, Bao Ge, and Yang Zhou are among those who have already been released after detention.

Wei Leaves Beijing 'Voluntarily'

HK0703042394 Hong Kong SOUTH CHINA MORNING POST in English 7 Mar 94 pp 1, 10

[By Geoffrey Crothall in Beijing and Daniel Kwan]

[Excerpt] China's best-known dissident, Wei Jingsheng, "voluntarily" left Beijing yesterday for an undisclosed destination because of his "poor health", his secretary said last night. Mr Wei, who had been detained by police for 24 hours two days ago, told his secretary Tong Yi that he would be leaving Beijing for a few days and could not say when he would be back.

Mr Wei had earlier in the day arranged to meet members of the foreign media to discuss his recent detention but at about 5 pm told Ms Tong that he would be leaving the city with a few friends for an undisclosed destination. Asked if she believed Mr Wei's assertion he was leaving Beijing of his own free will, Ms Tong said: "He is my boss. Of course, I believe him," adding that Mr Wei did appear to be "rather weary".

Most observers believe, however, that Mr Wei was persuaded to take an "all expenses paid vacation" by the police during his detention last week, so that he would not be around during United States Secretary of State Warren Christopher's visit to Beijing on Friday.

Mr Wei's office in the northeast of Beijing was yesterday surrounded by plainclothes police, who turned back journalists hoping to interview the Democracy Wall veteran. Ms Tong, who met Mr Wei after his release on Saturday, said that he did not discuss with her what had happened during his detention but stressed that he had not been formally arrested and had been well treated.

As Mr Wei was leaving Beijing, the authorities' clamp-down on dissidents continued with the detention of another former student leaders Zhai Weimin. Zhai was reportedly picked up in Beijing's university district by four plainclothes police officers and taken away for questioning. The former Beijing Economics Institute

student, who ranked sixth on the Government's 1989 most wanted list, was released from jail last September after serving a 3 1/2-year prison term for "counter-revolutionary incitement and propaganda".

Meanwhile, one of the four dissidents rounded up in the early hours of Thursday morning was released apparently without being charged yesterday morning. Qian Yumin, a member of Han Dongfang's Autonomous Workers' Federation, was freed after being warned to stay out of trouble during Mr Christopher's visit. The other three dissidents arrested on Thursday—Zhou Guoqiang, Yuan Hongbing and Wang Jiaqi are understood to be still in detention and face criminal charges. [passage omitted]

Ministry Denies Reportage

OW0703105594 Beijing XINHUA in English 1029 GMT 7 Mar 94

[Text] Beijing, March 7 (XINHUA)—The Chinese Ministry of Public Security denied here today that some "dissidents" have been detained as reported by press units in Hong Kong and overseas.

In recent days, Hong Kong and foreign press units carried reports saying that China has "detained more dissidents", and prepared a list of about a dozen people.

Sources from the ministry said that only Zhou Guoqiang, Yuan Hongbing and Wang Jiaqi are being investigated according to law by public and state security organs as they are suspected of being involved in unlawful acts in inciting turmoil and disrupting social order or in criminal cases.

The rest of the people on the list, including Wei Jingsheng and Wang Dan, are not put under detention, the sources said.

It is learned that Wei Jingsheng yesterday submitted an application to the Public Security Department to go out of Beijing for some private matter and his application has been approved.

Fujian Detains Christian Church Leader

HK0503070094 Hong Kong LIEN HO PAO in Chinese 5 Mar 94 p 10

[By New York-based special correspondent Tseng Huiyen (2582 1979 3601): "Fujian Religious Leader Pan Yiyuan Has Been Detained for Investigation"]

[Text] On 2 March, Pan Yiyuan [3382 0001 0337], the leader of the Protestant Family Church in Fujian's Zhangzhou City, was "detained for investigation" by the mainland authorities on the charge that he "carried out underground religious activities." He is currently detained at Zhangzhou City Public Security Bureau Custody House. His relatives and religious friends in the United States revealed the above-mentioned information to reporters from this newspaper. They hope that

international human rights organizations can help, and they have urged the mainland to improve its human rights conditions.

According to information, 58-year-old Pan Yiyuan is a devoted Christian. After retiring from Zhangzhou Agricultural Bank, he devoted all his energy to carrying out Family Church activities with his mother, Xu Birui. On the morning of 2 March, seven policemen entered Pan Yiyuan's home and took some books on the Christian faith, tapes, "service books," "Pan Yiyuan's rebirth testimony," private letters, pictures, and a diary (this was proved by the "list of items in custody" issued by the public security bureau). After the search, they told Pan Yiyuan to report to the public security bureau on the same afternoon, but when he arrived there they told him that he was under arrest for carrying out underground religious activities.

Among the charges laid against him are: First, not joining the "three autonomy's" church but disseminating words confronting the "three autonomy's" church; second, reading and keeping Christian books printed overseas, as well as tapes preaching religion; third, maintaining links with Christians outside the country (in fact they are his relatives); fourth, maintaining links with Christians inside the country and disseminating words of grievance. Afterwards, Pan Yiyuan's wife received from Zhangzhou City Public Security Bureau a "notice to the family members of the person being detained and investigated," but she has not been allowed to see Pan Yiyuan up to now.

The house of Xu Birui, Pan Yiyuan's 83-year-old mother, was also searched on the same day. Although the authorities did not detain her, they ordered her to report her religious activities to the public security bureau between 1400 and 1700 every day.

Eighth NPC Standing Committee Issues Namelist

Appointments, Removals

OW0503125994 Beijing XINHUA Domestic Service in Chinese 1016 GMT 5 Mar 94

[National People's Congress (NPC) Standing Committee's personnel appointments and removals namelist approved by the sixth meeting of the Eighth NPC Standing Committee on 5 March]

[Text] Beijing, 5 Mar (XINHUA)— 1. Yu Xinglong is appointed vice chairman of the Nationalities Committee of the Eighth NPC.

2. Han Huaizhi is appointed vice chairman of the Education, Science, Culture, and Public Health Committee of the Eighth NPC and is removed from his post as member of the Nationalities Committee of the Eighth NPC.

3. Huang Changxi is appointed vice chairman of the Overseas Chinese Affairs Committee of the Eighth NPC.

4. Cai Renshan is appointed member of the Law Committee of the Eighth NPC.

5. Liu Guoguang is appointed member of the Financial and Economic Committee of the Eighth NPC and is removed from his post as member of the Education, Science, Culture, and Public Health Committee of the Eighth NPC.

6. Chen Mingshan is appointed member of the Financial and Economic Committee of the Eighth NPC.

7. Xie Guang is appointed member of the Education, Science, Culture, and Public Health Committee of the Eighth NPC.

8. Lin Hu is appointed member of the Foreign Affairs Committee of the Eighth NPC.

9. Ling Botang is appointed member of the Overseas Chinese Affairs Committee of the Eighth NPC.

10. Zhang Fengxiang is appointed member of the Environmental Protection Committee of the Eighth NPC.

11. Chen Dahao [7115 1129 3032] is appointed member of the Procuratorial Committee of the Supreme People's Procuratorate.

12. Qiu Xueqiang [6726 1331 1730] is appointed procurator of the Supreme People's Procuratorate.

13. Mao Jianhua [3029 0256 5478] is removed from her posts as member of the Procuratorial Committee and procurator of the Supreme People's Procuratorate.

14. Liu Kaiyu [0491 7030 6877] and Guan Suiwu [7070 4840 2976] are removed from their posts as procurators of the Supreme People's Procuratorate.

Elects Nine Deputies

OW0703083194 Beijing XINHUA Domestic Service in Chinese 1039 GMT 5 Mar 94

[Announcement of the Eighth National People's Congress Standing Committee]

[Text] Beijing, 5 Mar (XINHUA)—Since its third session of the Eighth National People's Congress [NPC] Standing Committee, five NPC deputies have died: Liaoning's Yang Lieyu, Wu Disheng, and Aisin Gioro Pujie (Man nationality); Henan's Fan Haogu (Hui nationality); and Sichuan's Gao Xianhua. One has resigned: Shandong's Jiao Zuguang. Two have been dismissed: Yunnan's Wang Zhengguang (Miao nationality), and Xinjiang's Xu Xiaocheng.

The standing committees of local people's congresses recently by-elected nine deputies to the Eighth NPC. They are Liaoning's Zhang Rongmao [1728 2837 5399] and Liang Zengbiao [2733 1073 6977]; Jilin's Zheng Longzhe [6774 7893 0772] (Korean nationality); Fujian's Jin Nengchou [6855 5174 4693]; Shandong's Li Rongqin [2621 2737 0530] (female, Hui nationality);

Henan's Li Changchun [2621 7022 2504]; Guangxi's Wei Jisong [7279 4949 2646] (Zhuang nationality); Guizhou's Chen Shineng [7115 1102 5147]; and Xinjiang's Zhang Xiuming [1728 4423 2494]. The NPC Standing Committee concurs with the Credentials Committee's examination report on these deputies' credentials and acknowledges the validity of the credentials of these nine deputies. Hence this announcement.

The Eighth NPC now has 2,980 deputies.

[Signed] NPC Standing Committee

[Dated] 5 March 1994

Passes Laws on Illegal Emigration

OW0503151794 Beijing XINHUA in English 1346
GMT 5 Mar 94

[Text] Beijing, March 5 (XINHUA)—China's legislature today carried a law on protection of investments of Taiwan compatriots and a supplementary decision on severely punishing illegal emigration and border crossing.

The two laws were passed at the closing ceremony of the Sixth Session of the Standing Committee of the National People's Congress (NPC), over which its chairman, Qiao Shi, presided.

The 15-clause investment law is intended to protect Taiwan investors' legal interests in the country's mainland, and promote economic exchanges across the Taiwan straits, according to officials from the NPC law committee.

The law stipulates that Taiwan investments will not be nationalized or requisitioned; under special circumstances or for the public good, the state may purchase them through legal procedures and the investors will be reimbursed.

The investments, possessions, property rights, profits and other legal incomes of Taiwan compatriots in the mainland are protected by the law and are allowed to be transferred or inherited, the law states.

Taiwan investors will receive decisions, positive or negative, from government bodies within 45 days of their applications being submitted, the law also said.

Profits and other rightful income of Taiwan investors can be remitted back to Taiwan other regions outside the mainland.

"This will guarantee that the interests of Taiwan investors will not be harmed by red tape," a senior lawmaker said.

The supplementary decision on punishing "snake heads," as mercenaries engaged in illegal emigrants trafficking have been dubbed, says that the worst criminals may face life imprisonment or the death penalty.

This tough supplement to the country's criminal law will effectively curb the crime of illegal emigration and border crossing, legislators said, and order on the country's borders will be better maintained.

The new law provides that the worst criminals, recidivists, or ones who cause severe wounding or death to illegal emigrants, may be given sentences of seven years to life imprisonment.

Those who murder, wound, rape or sell illegal emigrants whom they organized, or wound or murder border inspectors, may be sentenced to death, according to the law.

The NPC Standing Committee ratified nine new deputies' membership of the National People's Congress. Five NPC deputies died since last year, one resigned, and two were deprived of their seats because of corrupt practices.

The NPC Standing Committee approved the draft agenda for the 13-day Second Plenary Session of the Eighth NPC, beginning on March 10, and the draft list of the presidium and secretary general of the full session. These will be decided by its preparatory meeting.

The committee also approved the work report of the NPC Standing Committee for deliberation at the full session.

A draft decision to grant the Xiamen economic zone province-like legislative rights will be further deliberated in the coming national session, according to the meeting.

The committee also ratified China's entry to several international treaties and several appointments and replacements.

To 'Show Concern' for Hong Kong Issue

HK0603033794 Beijing ZHONGGUO XINWEN SHE
in Chinese 0642 GMT 4 Mar 94

[By staff reporter Gan Zhebin (3927 0772 2430): "Looking Ahead to the Forthcoming 'Two Sessions': The Forthcoming 'Two Sessions' Will Continue To Show Concern Over the Hong Kong Issue"]

[Text] Beijing, 4 Mar (ZHONGGUO XINWEN SHE)—The second session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] and the second session of the Eighth National People's Congress [NPC], to be held on 8 and 10 March respectively—though they are but regular meetings of this term of the NPC and CPPCC—have attracted much attention from within and outside China because they are facing a number of important matters. Of these matters, the Hong Kong issue is bound to become one of the hot topics for the NPC deputies and the CPPCC national committee members during the "two sessions," and the keynote on the Hong Kong issue set by the "two sessions" will definitely also attract attention from people in and outside China.

People must still remember that, at the first session of the Eighth NPC in March last year, the Chinese Government, for the first time since China and Britain solved the question of Hong Kong between them, leveled criticisms on the British Government in the "Government Work Report." One year has passed. The unfriendliness and lack of cooperation demonstrated by the British side on the Hong Kong issue have aggravated. So what comment will this year's "Government Work Report" make on the same issue? It is believed that this will be the focus of attention.

Over the past year, because the British side always held on to the position which violated the Sino-British Joint Declaration, defied convergence with the Basic Law, and contravened the agreements and understandings reached between China and Britain, the Sino-British talks on the arrangements for the 1994/95 elections in Hong Kong broke down. On 24 February, Chris Patten's partial constitutional reform bill characterized by the "three violations" was adopted by the British Hong Kong Legislative Council, after which the British side unilaterally disclosed the contents of the talks, misrepresenting and attacking the posture of the Chinese side. The Chinese side was compelled to publicize the relevant truths to ensure a correct understanding of the facts. It is foreseeable that the series of moves made by the British side—which intended to confront the Chinese side and sabotage the smooth transition and transfer of sovereignty in Hong Kong—will evoke strong criticisms from the NPC deputies and CPPCC members during the "two sessions."

Last year's first session of the Eighth NPC decided to set up a Preliminary Work Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region. After it was founded last July, the PWC quickly began its work and, after adopting the work programs of all its subgroups at its second plenary session last December, entered the stage of substantive work. As a working organ subordinate to the NPC standing committee, the PWC will be able to hand in an excellent progress report to the nation at the upcoming NPC session. There is not much time left before Hong Kong returns to China. A great deal of convergence-related work in political, economic, legal, and other fields, has to be done. Therefore, as Premier Li Peng put it, the burden on the PWC is even heavier, its responsibility greater, and its role bigger. After the forthcoming "two sessions," the PWC is bound to step up its work and speed up its progress.

The NPC and the CPPCC national committee are the embodiment of the will of the state as well as the people's will. The NPC deputies and the CPPCC members show of concern on the Hong Kong issue demonstrates the Chinese people's longing for national reunification and their wish that the great construct of "one country, two systems" will be smoothly realized first in Hong Kong. The smooth implementation of "one country, two systems" in Hong Kong will play an effective exemplary

role in the process of solving the Taiwan issue and will help the reunification of the motherland come to pass at an early date.

It is now March, and spring has arrived early in Beijing. Hong Kong's NPC deputies and CPPCC members will attend the great events, participate in government and political affairs, and offer valuable advice. A separate constituency was set up for Hong Kong members at the first session of the Eighth CPPCC National Committee last year. Now the CPPCC members from Hong Kong have served a full year in their office. They, faced with the wind and rain in Hong Kong of the past year, have given all their strength. They will definitely offer good ideas and good suggestions during the upcoming "two sessions" and will do their utmost to ensure the smooth return of Hong Kong to China.

"A thousand sails pass by the shipwreck; ten thousand saplings shoot up beyond the withered tree." Hong Kong's destiny is, after all, in the hands of the Chinese people, including the Hong Kong compatriots. The uncooperative attitude of the British side will not in the least hold back the forward momentum of the wheel of history. During the "two sessions," the NPC deputies and the CPPCC members will once again give voice to the aspirations of the Chinese people on the question of Hong Kong.

Top Hierarchy To Revise Work Report

HK0503064094 Hong Kong WEN WEI PO in Chinese
5 Mar 94 p A3

[By staff reporter Chen Chien-ping (7115 1696 1627): "Government Work Report, Which Consists of Seven Parts, To Implement 20-Character Principle"]

[Text] Beijing, 4 Mar—According to an authoritative person here, the central top hierarchy will, in the next couple of days, discuss and revise for the last time the government work report which the State Council will submit to the National People's Congress [NPC] on 10 March for deliberation. The draft for the solicitation of opinions defines the work principle for 1994 as "seizing the opportunity, deepening reform, opening wider to the outside world, promoting development, and maintaining stability" [zhuzhu jiyu, shenhua gaige, kuoda kaifang, cujin fazhan, baochi wending 2119 0145 2623 6657, 3234 0553 2395 7245, 2368 1129 7030 2397, 0191 6651 4099 1455, 0202 2170 4489 1353] and sets economic growth for 1994 at 9 percent.

An authoritative person said: The draft government work report for the solicitation of opinions, which has been drafted under the leadership of Wang Wankui, deputy director of the State Council Research Office, has been revised three times following the extensive solicitation of opinions from various quarters. The central top hierarchy will discuss and revise the draft for the fourth time in the next couple of days. The main theme of the draft government work report is to comprehensively and vigorously advance the modernization process in line

with the socialist market economic framework formulated by the Third Plenary Session of the 14th CPC Central Committee. However, the 20 characters, "seize the opportunity, deepen reform, open wider to the outside world, promote development, and maintain stability," which was put forward by General Secretary Jiang Zemin and endorsed by the CPC Central Committee, will be taken as the principle for overall work in 1994.

It was learned that the draft government work report for the solicitation of opinions is divided into seven parts. The contents include a review of work in 1993 and stress the need to maintain sustained, rapid, and healthy [chixu, kuaisu, jiankang 2170 4958, 1816 6643, 0256 1660] growth in the national economy, vigorously advance reform of the economic structure, establish a new socialist market economic structure, strive to create and preserve a harmonious and stable environment for social life, and promote the reunification cause of the motherland and diplomatic work.

The authoritative person said: On striving to create and preserve a harmonious and stable environment for social life, the report especially maintains that, in strengthening public order, it is necessary to crack down hard on criminal offenders, continuously investigate and deal with major and important cases, resolutely wipe out pornography and eliminate the "six vices," and quickly strengthen the ranks of public security, the procuratorate, and the judiciary. This part also deals with such issues as nationality unity, the development of democracy and the legal system, and stepping up the modernization of national defense. The authoritative person said: In the draft government work report, promoting the cause of reunifying the motherland is treated as a special section, which touches on the issues of Taiwan, Hong Kong, and Macao. On the Hong Kong issue, it especially stresses that attention should be paid to doing a good job of work in the transition period and the transfer of power in 1997.

'Severe' Punishment for Human Smuggling

HK0603060994 Hong Kong AFP in English 0506 GMT 6 Mar 94

[Text] Beijing, March 6 (AFP)—Criminals responsible for organising illegal emigration from China face severe punishment, including the death penalty, under a tough new law passed last week, the PEOPLE'S DAILY [RENMIN RIBAO] said Sunday [6 March]. The law, passed at a National People's Congress standing committee session Saturday [5 March], warns that "snake heads," or criminals who are behind illegal immigration rackets, will face jail terms of between seven years and life for their involvement in illegal emigration schemes, the report said. Those guilty of the murder, injury, rape or sale of illegal emigrants or of the murder or injury of border inspectors may be sentenced to death, the new law states.

Previously, the maximum penalty for organising illegal emigration was five years imprisonment, but a surge last

year in the numbers of Chinese paying snake heads up to 30,000 dollars to be smuggled abroad on decrepit ships has forced the authorities to stiffen punishment. In the most spectacular case, six illegal immigrants died when almost 300 of them tried to swim and wade ashore after their ship, the Golden Venture, ran aground in New York City in June.

Session Ends 5 Mar

OW0503121994 Beijing XINHUA Domestic Service in Chinese 0903 GMT 5 Mar 94

[Text] Beijing, 5 Mar (XINHUA)—The sixth meeting of the Eighth National People's Congress [NPC] Standing Committee, after a four-day session at which it completed all the items on its agenda, concluded at the Great Hall of the People this afternoon.

Chairman Qiao Shi presided over the meeting.

The meeting approved by vote Supplementary Regulations on Severely Punishing Criminals who Organize and Transport People Across the Border (Boundary) and the Law on Protecting Investment of Taiwan Compatriots. President Jiang Zemin signed presidential orders No. 19 and 20 today to promulgate the two sets of laws. The laws will go into effect upon the day of promulgation.

The meeting approved China's accession to the International Convention on Unifying Laws and Regulations on Ship Collision, the 1974 Athens Protocol on Transportation of Passengers and Their Luggage on Seas, and ratified the PRC-Thai Extradition Treaty and the PRC-Kyrgyz Consular Treaty.

It was decided at today's meeting that the following motions be submitted to the Second Session of the Eighth NPC for examination or voting. They include: the motions of empowering the Xiamen City People's Congress and its Standing Committee, and the Xiamen City People's Government to enact laws, rules, and regulations respectively for implementation in the Xiamen Special Economic Zone, the draft agenda of the Second Session of the Eighth NPC, and the draft namelists of the presidium and secretary general of the Second Session of the Eighth NPC.

The meeting adopted the report on the work of the NPC Standing Committee, which will be submitted to the Second Session of the Eighth NPC for examination; the draft namelist of nonvoting persons attending the Second Session of the Eighth NPC; and a report on credentials of the additional deputies elected through by-elections, which affirms the credentials of the nine newly elected deputies. Now there are a total of 2,980 NPC deputies. The meeting also approved personnel appointments and removals.

Vice Chairmen Tian Jiyun, Wang Hanbin, Ni Zhifu, Sun Qimeng, Lei Jieqiong, Li Ximing, Wang Bingqian, Wang

Guangying, Chen Siyuan, Lu Jiayi, Buhe, Tomur Dawamat, Li Peiyao, and Wu Jieping; and Secretary General Cao Zhi attended the meeting.

State Councillor Li Guixian; Ren Jianxin, president of the Supreme People's Court; and Zhang Siqing, chief procurator of the Supreme People's Procuratorate, attended as observers.

Conference Elects Secretary General, Deputies

CPPCC Issues Namelist

OW0503153994 Beijing XINHUA Domestic Service in Chinese 0634 GMT 5 Mar 94

[Text] Beijing, 5 Mar (XINHUA)—The namelist of the secretary general and deputy secretaries general of the Second Session of the Eighth National Committee of the Chinese People's Political Consultative Conference:

Secretary General: Wang Zhaoguo (concurrently).

First Deputy Secretary General: Zhu Xun.

Deputy Secretaries General: Zhu Zuolin, Zhao Weizhi, Zhang Qia, Lu Zhichao, Jing Shuping, Fan Kang, Wu Xiuping, Liu Yandong, Zheng Wantong, Chen Jinyu, Zhou Ganzhi, Li Ganliu, Zhu Yuancheng, Song Jinsheng, Luo Haocai, Chen Yiqun, and Pan Yuanjing.

Committee Names Vice Chairs, Members

OW0503152194 Beijing XINHUA Domestic Service in Chinese 0633 GMT 5 Mar 94

[Text] Beijing, 5 Mar (XINHUA)—The namelist of appointments and removals of vice chairmen and members of some special committees of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC]:

(Adopted at the fifth meeting of the Eighth National CPPCC Committee Standing Committee on 5 March 1994)

Appointed:

Kang Ling as vice chairman of the Women and Youth Committee;

Li Donghai as vice chairman of the Cultural and Historical Data Committee;

Tang Longbin as vice chairman of the Foreign Affairs Committee;

Xu Qianqing, Liu Kan [0491 1030], He Shengtao [0149 0581 7290], Ling Yuxun [0407 3022 8113], and Pan Yao [3382 6674] as members of the Economy Committee;

Yuan Xikun [5913 3556 0981] and Zhang Guangying [1728 0342 3892] (female) as members of the Education and Culture Committee;

Li Lianxiu [2621 6647 4423] as member of the Law Committee; and

Wang Yanchang as member of the Foreign Affairs Committee.

Removed:

Zhang Guangying (female) as member of the Women and Youth Committee.

Son Confirms Deng Xiaoping in 'Excellent Health'

HK0603044794 Hong Kong WEN WEI PO in Chinese 6 Mar 94 p A2

[Report by staff reporter Su Hung-ju (5685 7703 0320): "Deng Pufang Says His Father Is In Good Health and Still Hopes To Visit Hong Kong After 1997"]

[Text] Shenzhen, 5 Mar (WEN WEI PO)—While attending an award presenting ceremony in Shenzhen today, Deng Pufang, chairman of the China Disabled Persons' Federation, confirmed that his father, Deng Xiaoping, is in excellent health [shen ti hen hao 6500 7555 1771 1170] at the moment, and he exercises regularly. Deng Pufang also said that Deng Xiaoping has not given up his wish to visit Hong Kong after 1997.

Leftists Set for Postmortem 'Attack' on Deng

HK0703011094 Hong Kong SOUTH CHINA MORNING POST in English 7 Mar 94 p 1

[By Willy Wo-Lap Lam]

[Text] The conservative wing of the Chinese Communist Party has made a bold bid for power by preparing plans to expose patriarch Deng Xiaoping's alleged responsibility for the Tiananmen Square massacre. In a campaign codenamed "The Two Opens", the Maoists plan to launch a blistering attack on how Mr Deng and his faction had "opened the door to capitalism and opened fire on the residents of Beijing" in the early hours of June 4, 1989. Chinese sources said yesterday that while the full blitz would not be launched until Mr Deng's death, the first salvos had been fired in view of the rapidly declining health of the 89-year-old senior leader.

The sources said while the leftists had denigrated the student demonstrations of early 1989 as a sign of "bourgeois liberalisation" they had always disputed the need to use live ammunition against the students and citizens of the capital. They said the ideologues had collected "impressive black material" that would point to Mr Deng, then chairman of the policy-setting Central Military Commission, as the leader who gave the order for soldiers to shoot to kill.

"Seeing how they have been marginalised by the development of reforms, the conservatives hope they can win widespread support by spearheading the drive to overturn the verdict on June 4," a source said. "While the

ideologues will never support the prodemocracy movement, they figure they can deal a body blow to Deng's reputation by laying bare his June 4-related 'guilt'."

China analysts said Mr Deng had never admitted responsibility for ordering the troops to open fire. Sources close to the People's Liberation Army said after the massacre that detailed information and documents on the chain of events that led to the shoot-to-kill order had been obliterated or covered up. However, a party elder claimed in late 1992 that he had recordings and other material proving it was Mr Deng who made the fateful decision. The sources said it was likely the conservatives would publicise some of this evidence immediately upon Mr Deng's death.

At the same time, leftist commissars have in official journals under their control started an open campaign against Mr Deng's "re-introduction of capitalism". The attack has focused on attempts by the Deng faction to diminish the "leading position of the state sector" in the economy through quasi-privatisation.

In a recent issue of *In Search of Truth* [QIUSHI], a commentator on the leftist journal accused certain cadres of "failing to make a distinction between the socialist market economy and the capitalistic market economy". Other articles in the same journal attacked the conversion of state-owned enterprises into shareholding companies as evidence of "sidelining state planning" and "curtailing state ownership". Referring to Mr Deng's famous doctrine that "productivity is the only criterion" for assessing a policy, the ideologues criticised unnamed cadres who said the question of "ownership" should be dropped so long as economic development could be expedited.

Jiang Zemin Speech Views Discipline Inspection
OW0503112494 Beijing XINHUA Domestic Service in Chinese 0842 GMT 5 Mar 94

[Speech by Jiang Zemin to the Third Plenary Session of the Central Commission for Discipline Inspection on 28 February]

[Text] Beijing, 5 Mar (XINHUA)— This plenary session of the Central Commission for Discipline Inspection is very necessary to sum up the anticorruption drive in the previous period and make plans for the next stage in accordance with the Central Committee's suggestions. Comrade Wei Jianxing delivered a very good report to the session. I am in full agreement. We should redouble our efforts and make new progress on top of the achievements already made.

Here I would like to address the following three issues:

1. A Realistic Assessment of the Achievements of the Anticorruption Drive in the Previous Period

Half a year has passed since the Central Committee announced last August specific plans for intensifying the

anticorruption drive, improving party work style, and promoting clean government. In assessing the work in the previous stage, we should, I think, stress the following four points:

A) We have been fairly successful. Taken together, party committees, governments, discipline inspection, supervision, and judicial departments at all levels have worked actively and done a great deal of painstaking work in implementing the Central Committee's plans. We have, by and large, achieved the expected results. The broad ranks of cadres and people have responded positively and offered active support to the party and government in intensifying the anticorruption drive. Thanks to the common efforts of all quarters, we have achieved varying degrees of success in the three tasks set by the Central Committee for the near future. The momentum of spreading corrupt manifestations has been halted. The results are even more pronounced in localities and departments that have done a better job in implementing this work. Although the anticorruption drive involves considerable difficulties, we are able to cut, step by step, corrupt phenomena to a minimum so long as the leadership takes it seriously, enlists the participation of the masses, and works together with them with one heart and one mind.

B) The work has proceeded in a healthy manner. In setting the short-term plan for fighting corruption, the Central Committee pronounced a number of specific principles and policies which have fundamentally guaranteed that this work will be closely integrated with reform and construction. Practice has shown that this work has—rather than standing in the way of reform and construction—served as an important guarantee for reform, opening up, and economic construction.

C) Judging from the problems that have been exposed, corrupt phenomena are serious. Corruption has penetrated into broad sections of our society; in particular, it is corroding our party and government organs and the ranks of cadres. Criminal offenses including abusing powers for personal gains, participating in corrupt practices in violation of the law, taking or demanding bribes are widespread to an alarming degree. The situation tells us that if we do not fight this hard battle with resolution, the party and state are in deed in danger of collapse.

D) The tasks are tremendous and we must not slacken our efforts. In view of the actual problems that are out there and the people's demands of us, the work we have done so far falls considerably short. Many problems have not been solved well and the masses remain dissatisfied. The work has been implemented unevenly from region to region and from department to department. Some localities and department relayed the plans and arrangements but did not pay enough attention to implementing them afterwards. Some even just went through the motions. Some localities and departments were guilty of gross protectionism and there has been obstruction and resistance to the investigations of major cases. Some

leading cadres who still entertain all sorts of misconceptions about the anticorruption drive have not displayed adequate initiative. All in all, we must continue to pay close attention to the anticorruption drive. In short, we must affirm the achievements, take note of the problems, sum up experience, keep a clear head, and redouble our efforts to implement the anticorruption drive well.

2. Several Suggestions for the Anticorruption Drive in the Next Stage

A) The Central Committee has set the basic principles and overall situation for the work of the whole party in 1994. The anticorruption drive must subordinate and serve these principles and overall situation and it must be implemented in a deepgoing, sustained, and more effective manner. This is the general requirement.

B) The anticorruption drive cannot be accomplished overnight. Hence, we should solve problems one by one, investigate cases one by one, and deepen the drive step by step. A slightest relaxation of guard may spoil all that has been achieved. We must be prepared to fight a protracted battle and push the drive forward phase by phase. We must never provide a "pliable environment" for corrupt behavior; and we must never allow the corrupt elements to act willfully and get off scot-free.

C) In addition to the three main tasks set by the Central Committee last August, the current session has put forward some new requirements. All localities and departments must combine these three tasks with the new requirements and earnestly investigate and solve outstanding problems in each locality or department. Those departments or localities that did not pay adequate attention to the drive in the previous stage must bestir themselves and catch up.

D) We gained an important experience from the anticorruption drive in the early period; namely, we must firmly believe and rely on the masses and must combine the arousing of the masses to report corruption cases to the authorities with the special organs' investigating them according to law. The merit of this experience is that it can help uncover problems and promote the conducting of the drive in an orderly manner. We must continue to adhere to this experience. We must pay attention to protecting people who report corruption; and must commend and award those whose reports contribute to the drive.

E) We must earnestly investigate and handle corruption problems exposed, especially major and important cases. We must never turn big problems into small problems and end up with nothing accomplished. We must never let bureaucrats shield each other and localities and departments practice protectionism. Those who harbor criminals must be punished according to party discipline and state law.

F) We must pay attention to policies and stress focal points. Those who violate criminal law and party discipline must be sternly dealt with according to law and

party discipline. People engaged in unhealthy practices should, in general, be criticized and educated. Those who voluntarily examine and mend themselves are fine; and those who refuse to undergo education and to mend their ways should be punished by party or administrative disciplinary action as deemed necessary. This is for the purpose of education and enforcement of discipline.

G) We should bring into full play the role of the democratic parties and people without party affiliation. We should organize them to take part in implementing various tasks of the anticorruption drive, and should listen to their opinions and suggestions.

H) While launching the anticorruption drive, we must rectify mistakes and promote party building at the same time; we must address the issue by looking into both its root cause and symptoms. The problems exposed show the existence of many loopholes in our management system and of serious defects in leadership style, which provide the opportunities for criminals and corrupt elements. We must learn from mistakes and earnestly sum up experiences and lessons by stopping the loopholes, improving rules and regulations, strengthening management, and resolutely getting rid of bureaucracy.

I) The key lies in strengthening leadership. Party committees and governments at all levels must properly handle the relationship between reform, development, and stability. They must firmly grasp the central task of economic construction and persist in grasping two links at the same time, mapping out overall plans to effectively combine the anticorruption drive with the deepening of reform, opening up wider, promoting development, and maintaining stability. Principal party and government leaders must personally attend to the drive and solve important problems. They must support the work of discipline inspection, supervisory, and judicial organs and coordinate various departments concerned so as to join forces and promote in-depth development of the anticorruption drive.

3. Further Consolidate and Strengthen the Party's Flesh-and-Blood Ties With the Masses

In the final analysis, the anticorruption drive aims to consolidate and strengthen the party's ties with the masses and consolidate the position of the CPC as the ruling party under the new circumstances so that our party can more effectively carry out the historical responsibility of leading China's reform, opening up, and socialist modernization. The ties between the party and the masses is a fundamental political issue that has a bearing on the success of the party's cause and on the survival of the party. This principle must be stressed repeatedly and for a long time to make sure that all comrades of the party attach great importance to it.

The CPC is the vanguard of the Chinese working class, and its sole objective is to serve the people wholeheartedly. Our party represents the people in exercising political power; all party activities are aimed at protecting and fulfilling the interests of the broad masses of the

people. If we do not pay attention to strengthening the party's ties with the masses and eliminating phenomena of divorcing ourselves from the masses, and if we let corruption spread unchecked, the CPC as the ruling party will degenerate and lose popular support. If the economy fails, we will collapse [jing ji gao bu hao hui kua tai 4842 3444 2269 0008 1170 2585 1006 0669]. Even if we do well in the economy, but corruption, embezzlement, and bribery spread unchecked and we seriously divorce ourselves from the masses, we will collapse, too. Comrade Deng Xiaoping said as early as 1980: "We must resolutely criticize and correct various mistakes of divorcing ourselves from the masses and showing no interest in the people's hardships. The masses are the source of our strength; the mass line and mass viewpoint are our cherished heritage. Party organizations, members, and cadres must identify themselves with the masses; and must never stand diametrically opposed to the masses. If a party organization divorces itself from the masses and cannot make up its mind to correct itself, it will forfeit the source of its strength, be doomed to fail, and be abandoned by the people. All comrades of the party and cadres at all levels, leading cadres in particular, must always bear this point in mind and use it as a criterion for examining their speeches and actions." We must always remember these incisive, pertinent words and resolutely implement them into concrete work.

The vast numbers of cadres and, in particular, leading cadres must study hard the Marxist mass viewpoint, adhere to the party's mass line, constantly immerse themselves among the masses, and improve their ideological and work style in a down-to-earth manner. This is a necessity not only for implementing the party's line, principles, and policies and successfully fulfilling various tasks, but also for continuously remolding world outlook, resisting corruption, and preventing [peaceful] evolution. At the present, the masses in some areas still live in poverty as they still do not have enough to eat and wear. Each and every party cadre should constantly remember their hardships. The stand, thinking, and feelings of party cadres is a fundamental issue. When party cadres divorce themselves from the masses, are indifferent to the masses' weal and woe, and become apathetic, their thinking will inevitably degenerate and it becomes hard for them to avoid corrupt behavior.

The current situation in the country as a whole is very good. However, we must be aware of some contradictions and problems confronting us in our march forward and of the existence of some destabilizing factors in society. These problems should merit our keen attention and should never be treated lightly. Leading cadres at all levels and, in particular, principal leading cadres must personally take a hand in successfully solving the conspicuous problems in their own local localities. Where problems are serious, leaders should visit the place to solve the problems. If leaders sit in the office and make empty talk, acting like bureaucrats and seriously divorcing themselves from the masses without solving practical problems, how can they fight corruption? The

tasks we have undertaken are very heavy. We must steadfastly rely on party organizations at all levels and on cadres and the masses. The party and its cadres must work together with the masses with one mind to maintain political stability; to create a favorable social environment; to accelerate the establishment of a socialist market economy; to maintain sustained, rapid, and healthy national economic development [bao chi guo min jing ji chi xu kuai su jian kang fa zhan 0202 2170 0948 3046 4842 3444 2170 4958 1816 6643 0256 1660 4099 1455]; and to promote smooth progress of the undertaking to build socialism with Chinese characteristics.

Jiang Zemin Speech Views Ideological Work

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[Jiang Zemin's Speech Delivered at the National Working Conference on Propaganda and Ideological Work on 24 January]

[Text] Beijing, 6 Mar (XINHUA)—The current National Working Conference on Propaganda and Ideological Work, following the National Working Conference on Economy, is another important meeting of overall significance convened by the CPC Central Committee in the crucial period in the building of China's socialist market economy and modernization construction.

The main tasks of this meeting are: to implement the guidelines set forth at the 14th CPC National Congress and at the Third Plenary Session of the 14th CPC Central Committee under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, as well as of the party's basic line; and to study and arrange the work on enhancing and improving propaganda and ideological work under the new situation in line with the principle of "adopting a two-handed approach and of putting equal emphasis on the two-handed approach." It is hoped that party's leaders at various levels and comrades working at the propaganda and ideological front will, through this meeting, further understand the overall situation; unify thinking; rise with force and spirit; work in a down-to-earth manner; create a new phase in the propaganda and ideological work; and better mobilize, unite, and encourage the broad mass of party members and the masses to constantly advance the cause of reform, opening up, and modernization construction.

Now, I want to discuss several issues.

1. The Importance of Enhancing Propaganda and Ideological Work in the New Period.

Of the several fronts that our party leads, the propaganda and ideological frontline is a very important one. Among our party's various levels of leading organs, propaganda and ideological work departments are very important departments. Among our party's cadres contingents, the propaganda and ideological work contingent is a very

important force. Both the first generation of the leadership collective of the CPC Central Committee with Comrade Mao Zedong at its core and the second generation of the leadership collective of the CPC Central Committee with Comrade Deng Xiaoping at its core attached great importance to leading the propaganda and ideological front and to giving play to the roles of propaganda and ideological work departments and propaganda and ideological work contingent. The history of past decades has shown that be it in revolutionary wars or in socialist construction, great victories are inseparable from propaganda and ideological work. This is a basic experience of our party. Attaching great importance to giving full play to the powerful role of propaganda and ideological work represents a major tradition and a major superior feature of our party.

It is the people's undertaking to build a rich, strong, democratic, and civilized socialist country. With the help of the party's leadership and through their own efforts, the people embark on their undertaking to realize their own interests. Propaganda and ideological work departments shoulder a vital mission in this cause. To sum this up, we may say that this mission is to correctly publicize the party's theory, line, principles, and policies; and to reflect vividly the great practice of the masses, to mobilize all positive factors, to turn all negative factors into positive factors, to unite all forces that can be united, and to fight to accomplish the magnificent goal of building socialism with Chinese characteristics. Our propaganda and ideological work calls for arming our people with scientific theories, guiding them with the correct public opinion, molding them with a lofty spirit, and inspiring them with outstanding works so that new generations of socialist-minded people who are endowed with lofty ideals, moral integrity, a sound education, and a strong sense of discipline can be continuously trained and fostered to provide a powerful ideological guarantee and to play a supportive role in forming public opinion in the great cause of building socialism with Chinese characteristics.

Since Comrade Deng Xiaoping made the important remarks during his south China inspection in 1992 and since the holding of the 14th CPC National Congress, the situation concerning our country's modernization construction has been excellent, reform and opening up have made great strides, the economy has maintained sustained development, people of all nationalities have shown solidarity and lived in harmony, and the country has enjoyed social and political stability. At the Third Plenary Session of the 14th CPC Central Committee the "Decision of the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure" was adopted and the action plan for reforming China's economic system in the 1990's was formulated. Reform of our country's economic system has reached a new stage where promoting overall reform of the economic system and seeking to achieve major reform breakthroughs are integrated. At present, the international situation's pattern is moving

toward a multi-polar development. This helps expand our country's maneuvering room in handling international affairs. Economically-developed countries are now undergoing readjustment of the economic and industrial structures. Our country has improved relations with Western countries. Asia-Pacific regions continue to maintain relative political stability and an excellent situation for thriving economic development. Our country's friendly and cooperative relationship with neighboring countries and a vast number of countries in the Third World has been further strengthened. Of course, we are still faced with some difficulties and problems in the course of progress, requiring us to pay constant attention to studying and solving those problems. Generally speaking, both the international and domestic situations are relatively advantageous to our promotion of reform and construction, which are indeed a hard-to-come by good opportunity. In the current year, the basic policy of the work of the whole party is: under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, to comprehensively implement the guidelines set by the 14th CPC National Congress, as well as by the Third Plenary Session of the 14th CPC Central Committee; to accelerate the building of the socialist market economic system; to maintain the sustained, rapid, and healthy development of the national economy; to safeguard political stability, and promote all-round social progress. The overall mission of the whole party in the current year is to seize the opportunity, deepen reform, open up wider, promote development, and maintain stability. All party comrades must understand this overall mission, submit to and serve this overall mission, act under the awareness of this overall mission, and do a good job in all areas of work.

The new situation has made greater and greater demands on the propaganda and ideological front. The party's theory, line, principles, policies, and our goals of struggle need to be publicized more penetratingly and widely so they can be understood and grasped by the masses. The series of new measures taken by the party and the government to push forward reform and construction must be convincingly explained in simple terms to the masses. New experiences created by the masses must be summarized and popularized; outstanding figures and their lofty spirits emerging from all fronts must be eulogized and propagated. The masses' increasing demand for spiritual civilization must be satisfied through all efforts. The multitude of problems arising in practice must be seriously studied and solved; ideological and conceptual problems pertaining to the readjustment of interests which crop up in the course of reform must be redressed and resolved; and the negative tendencies prevailing in social life must be overcome. Our efforts to push forward reform and opening up to the outside world and the modernization drive requires China to better understand the rest of the world and the rest of the world to better understand China. All these facts point to the importance of propaganda and ideological work. We can accomplish great things as long as

we pay great attention to various problems, and we must not overlook them in any way. We must intensify our efforts and must not slacken them one iota; we must keep on improving and upgrading, and we must never stand still.

In the 15 years since the implementation of the policy of reform and opening up to the outside world, propaganda and ideological work have played important roles of emancipating the mind; renewing people's concepts; unifying the thinking and action of the whole party and the people; helping to maintain a stable and united social and political situation; mobilizing and giving play to the masses' enthusiasm, initiative, and creativeness; and of promoting the smooth progress of reform, opening up, and modernization construction. Since the Fourth Plenary Session of the 13th CPC Central Committee, the CPC Central Committee, following Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, and affirming the results of propaganda and ideological work, has adopted a series of measures to rectify the phenomenon of "one hand being relatively tough while another one is relatively soft." Since the convening of the 14th CPC National Congress, comrades on the propaganda and ideological front have made great efforts, done a tremendous amount of work, and have achieved new progress in the areas of theory, journalism, publishing, cultural and arts, foreign propaganda work, and in helping to build the contingent of propaganda and ideological workers. On the basis of investigation and research and after summing up experiences and new practices, we have developed a basic idea about carrying out propaganda and ideological work in the new situation and have further defined the basic guidelines and principles, as well as the primary tasks and work arrangements. Now that the general policy guiding propaganda and ideological work has been set, the key lies in implementation, in doing our work in a down-to-earth manner, and in continuing to summarize our practical experience and to advance in a pioneering spirit.

2. The Fundamental Guidelines and Primary Tasks of Propaganda and Ideological Work

Our party needs correct theoretical guidance and a unified ideological basis to lead and unite the people of all nationalities to carry out reform, opening up, and modernization construction. Our party is the vanguard of the working class with Marxism-Leninism and Mao Zedong Thought as the guiding thought. Marxism is a branch of science whose root is deeply implanted in practice and which develops constantly in practice. Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics deeply reflects the objective law of our country's socialist construction, realizes fully on the will and wishes of the party and the people, inherits and develops Mao Zedong Thought, and is the Marxism of contemporary China [dang dai zhong guo di ma ke si zhu yi 3981 0108 0022 0948 4104 7456 0344 1835 0031 0034]. This theory is the spiritual weapon of the whole party and the people of all nationalities and

our powerful ideological weapon to score reform, opening up, and modernization construction victories. In the past 15 years, it was exactly because of the guidance provided by this theory that our socialist undertaking has opened a new historical phase; that the economic construction, people's lives, overall national strength have all reached new heights; and that we have scored achievements that have attracted worldwide attention; it was precisely because of the guidance provided by this theory that the cause of the building of socialism with Chinese characteristics has stood rigorous tests and achieved thriving development under the changeable international situation. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the fundamental principle guiding all party work. The propaganda and ideological front must firmly adhere to this basic guideline and use it as a guide in all of its work. Only by doing so can we ensure a correct orientation in propaganda and ideological work and the successful accomplishment of all our tasks.

Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has shown great concern and attention to working on the propaganda and ideological front. He has proposed a series of far-reaching and important ideas on the importance, policies, principles, and major tasks of propaganda and ideological work; the building of a force for this work; the party's leadership over the work; and more. These important ideas not only adhere to the CPC's consistent stand, but also include many new contents and demands for the situation and tasks in the new period. They are important component parts of the theory of building socialism with Chinese characteristics and are of extremely significant importance to guiding propaganda and ideological work and strengthening the construction of socialist spiritual civilization. All party members, particularly leading cadres at all levels and comrades engaged in propaganda and ideological work, must earnestly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, further enhance their consciousness and steadfastness of conducting propaganda and ideological work well, and strive to carry out this theory in actual work.

The frontline of propaganda and ideological work is long and the tasks are arduous. We should adhere to the ideological line of emancipating the mind and seeking truth from facts, closely center around the central work of economic construction, conscientiously do a good job in all kinds of work, and vigorously promote the construction of socialist material and spiritual civilization. Currently and for the foreseeable future, we should emphasize four aspects of the work.

A) The most important task of the propaganda and ideological front is the persistence in arming the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

The 14th CPC National Congress proposed arming the entire party with Comrade Deng Xiaoping's theory of

building socialism with Chinese characteristics. This is a strategic mission with far-reaching and fundamental significance. The fulfillment of this strategic mission will push the party's theoretical and ideological level as well as its leading and ruling ability to a new height. Over the past year or so, particularly since the publication of Volume 3 of the *Selected Works of Deng Xiaoping* and the release of the central authorities' decision to study it, the study of this theory has been on the upsurge. Generally speaking, however, such a study is still preliminary. Party committees at all levels should further understand the extreme importance, urgency, and protracted nature of the work to arm the entire party with this theory and truly do a good job in organizing and guiding party members and cadres to study it. While continuing to run study courses for principal leading cadres at the provincial and ministerial levels, cadres with party membership at and above the county and regimental levels should receive training in stages and in groups within two to three years. In the course of studying, we should read Comrade Deng Xiaoping's original works seriously to comprehensively, systematically, and accurately master the gist and essence as well as grasp the basic standpoint of his works. Departments of propaganda and ideological work should coordinate well with departments concerned to carry on a thorough and sustained study among the entire party. Comrades in departments of propaganda and ideological work should play a leading role in studying theories, so the study can be conducted more thoroughly and the theory applied more satisfactorily. In the meantime, we should emphatically do a good job in publicizing and studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We should make full use of the media, such as newspapers, radio, television, and publications, to publicize this theory in depth and educate our people and youth. We should sum up and spread the studying experiences of the broad masses of party members and people in a timely manner. The five bases for studying the theory of building socialism with Chinese characteristics, established in the Central Party School, State Education Commission, Chinese Academy of Social Sciences, PLA National Defense University, and the Shanghai Academy of Social Sciences, should play a backbone role in studying in depth significant theories and practice in the course of reform and construction, establishing questions for study, concentrating their efforts, and accomplishing a number of highly valuable research achievements. The educational sector should compile teaching materials concerning the theory of building socialism with Chinese characteristics which will serve as the main contents for political courses in schools.

B) We must persist in implementing the party's basic line and in properly guiding public opinion.

While performing various tasks, for a century we should unwaveringly abide by the party's basic line that regards economic construction as the central task, that upholds the four cardinal principles, and that persistently promotes reform and opening up. The propaganda and

ideological front must strictly adhere to the party's basic line; must properly perform its own tasks; and must carry out effective propaganda and ideological tasks to mobilize people and further align the minds and actions of the entire party and people across China with the party's basic line.

To fully understand the actual situation and to properly guide public opinion under the guidance of the party's basic line are very important tasks performed by the party's propaganda and ideological front. Presently the number of China's newspapers and periodicals is enormous. Radio and television networks cover the entire country. By sending daily messages to the broad masses of people, the mass media are influencing their minds and behavior at all times regardless of where they are. When public opinion is guided correctly, people are united with high spirits; when public opinion is misguided, grave consequences follow. Positive and negative experiences have shown us that guiding public opinion is extremely important. Leading cadres of party committees at various levels, propaganda departments, and news publishing units must have a strong sense of responsibility in properly guiding public opinion.

To correctly guide public opinion, it is important for us to correctly understand the actual situation; to improve our concept on the overall situation; to persist in properly publicizing the party's line, principles, and policies; and to resolutely maintain political unity with the party Central Committee. We should carry out our work with the objective of constantly enhancing the central task of economic construction; we should lead the masses to utilize their enthusiasm and creativity in deepening reform, in opening up wider to the outside world, in developing the socialist market economy, and in accomplishing various modernization tasks. We should make major efforts to reveal the fact that socialist undertakings with Chinese characteristics have been developing and bringing about changes day after day, and should enthusiastically praise the masses of people for their lofty character and splendid accomplishments in changing the world and in creating a new life. We should pay attention to investigating and studying actual public opinion and the masses' actual thoughts and concepts; we should actively express the views and proposals of the broad masses of people in an effort to strengthen the supervision over public opinion. The supervision over public opinion should aim to help the party and government improve their work, to resolve actual problems, to foster unity among the people, and to safeguard social stability. When delivering propaganda reports, we should pay attention to properly handling the relations among reform, development, and stability as well as the relations between local and overall situation; should uphold materialist dialectics; and should avoid partiality and oversimplification. We should strictly abide by the discipline governing propaganda. Party newspapers and journals as well as state news agencies, radio, and television stations should actively publicize the party's views in an effort to play a key role in properly guiding

public opinion. Our stress on properly guiding public opinion is in line with our emphasis that departments and units in charge of publicizing public opinion should be creative in their work. The prerequisite that they uphold the correct policies, newspapers, journals, and radio and television programs should be boldly creative and should strive to form their own styles and characteristics.

Persisting in properly guiding public opinion means creating a type of public opinion conducive to further reform and opening up, and to the establishment of a socialist market economy and the development of social productive forces. It means creating a kind of public opinion which helps strengthen the building of a socialist spiritual civilization, democracy, and the legal system; which encourages and inspires people to make arduous efforts and to blaze a new trail for the country's prosperity, people's well-being, and social progress; which helps people distinguish between right and wrong, uphold truth, good, and beauty, and resist falsehood, evil, and ugliness; which promotes national reunification and unity; and which helps to bring peace of mind to the people and social and political stability.

C) We must strengthen ideological work to raise a new generation of well-educated and self-disciplined people with lofty ideals and moral integrity in order to expedite the building of a socialist spiritual civilization.

Raising a new generation of well-educated and self-disciplined people with lofty ideals and moral integrity is the basic objective of building a socialist spiritual civilization. Centering around this objective, we must strengthen ideological and ethical education centering on patriotism, collectivism, and socialism among the masses, especially young people; must carry out education in the spirit of plain living and hard struggle, and the principle of building the country through diligence and thrift; and must carry out education on professional and social ethics, on the basic national situation, and on basic legal knowledge. We should be good at doing ideological work among the masses. Heightening the masses' awareness and encouraging them to work hard to achieve their fundamental interests is our party's heirloom not to be discarded under any circumstances. While we have achieved some success in doing ideological work in recent years, some localities and departments have ignored and slackened their efforts in this regard, and we must attach great importance to this problem. Ideological work is work for the entire party. Not only should it be done by propaganda departments, but also by party committees at all levels and grass-roots party organizations of enterprises, rural areas, schools, and neighborhoods. Executive departments, trade unions, communist youth leagues, and women's federations at all levels also have the responsibility to carry out ideological work among the masses. Currently we must attach great importance to guiding the people, particularly young people, to foster correct ideals, convictions, world outlook, and concepts of life and values; to oppose money worship, nihilism, and ultra-individualism; and

to resist the inroads of decadent capitalist and feudalistic ideas. To keep pace with the requirements of the new situation, we should, on the basis of inheriting the fine traditions, carry out ideological work by making full use of the mass media and cultural facilities and in ways which the masses readily accept and welcome. We must be good at guiding the masses to pay attention to democracy and to respect, understand, and care for each other. We should use ways which can attract many people to take part, to educate themselves, to discuss issues on an equal footing, and to make criticism and self-criticism. We should pay attention to differentiating levels, keep in mind the different characteristics, combine demands of the advanced levels with demands of the broad strata, and merge ideological education with cultivation of proper conduct. Propaganda and ideological departments should pay attention to summing up their experiences in carrying out ideological work among the masses, popularize the work of exemplary units, and make constant efforts to upgrade our ideological work in society.

D) We must adhere to the course of serving the people and socialism, uphold the principle of letting a hundred flowers blossom and a hundred schools of thought contend, foster the main theme, and bring about a boom in socialist literature and art.

Upholding the principles of serving the people and socialism and of letting a hundred flowers blossom and a hundred schools of thought contend are basic requirements for producing spiritual works and an important guarantee for the prosperity of propaganda and cultural undertakings. Fostering the main theme and advocating diversification reflects in a concrete manner the orientation of serving the people and socialism as well as the principle of letting a hundred flowers blossom and a hundred schools of thought contend.

Fostering the main theme means, under the guidance of the theory of building socialism with Chinese characteristics and of the party's basic line, vigorously advocating ideas and spirits conducive to fostering patriotism, collectivism, and socialism; conducive to reform, opening up, and socialist modernization; conducive to national unity, social progress, and the people's well-being; and conducive to seeking a happy life through honest labor. Fostering the main theme so that our spiritual works are in line with the people's interests can promote social progress and can satisfy the people's growing spiritual and cultural needs is the main idea of developing propaganda and cultural services and creating a boom in socialist literature and art.

Effective policies and measures should be adopted to vigorously support the production of intellectual products reflecting the main trend of the era. Each year a number of outstanding movies, dramas, and works in the fields of music, dance, art, and literature which attract the people's interest should be created. Intellectual works which reflect the main trend of the era should not only possess healthy ideological contents but possess varied,

lively, and refined artistic expressions which are strongly attractive and influential and are highly competitive in the market for cultural products. Social life is rich and varied, and the people's intellectual and cultural needs are also varied and come from different strata. All intellectual products which serve to educate and enlighten the people and which give them recreational and aesthetical enjoyment should be welcomed and encouraged. Excellent nationality cultural products, refined artistic works, and highly valuable academic works should be supported and protected. Efforts should be made to develop such undertakings as the press, publishing, radio, films, television, literature and art, and the social sciences as well as to improve cultural work in communities, villages and towns, enterprises, and school campuses. We should increase investment in the field of propaganda and culture so as to improve the condition for developing propaganda and cultural undertakings.

The production of intellectual products is a complex working process. Therefore experts, scholars, and literary and art workers are required to give play to their personal creative spirit. We should respect and cherish their hard work, persist in emancipating our minds, seek truth from facts, adhere to the "double hundred" principle, and strive to create a good environment and atmosphere which encourages explorative and creative activities. In academic research we should encourage free discussions of different points of views and schools of thought; in artistic creation we should encourage free development of different styles and forms. Comrade Deng Xiaoping said: "Literary and art workers who are responsible to the people must always gear their works to the needs of the masses. Artistically they should strive to further improve their works, avoid creating crude works, conscientiously bear in mind the effects on society created by their works, and do their best to provide the people with their best intellectual products." I hope comrades engaged in the production of intellectual products will make constant efforts to enhance their ideological and professional level and create more intellectual products which stimulate people's enthusiasm, enhance the masses' fighting will, tighten the national cohesiveness, and invigorate all sectors of society. In this way, our propaganda and cultural undertakings will be able to further prosper and flourish.

In the course of carrying out propaganda and cultural work and promoting socialist spiritual civilization, I want to reemphasize three issues.

First, it is necessary to give priority to social benefits [she hui xiao yi 4357 2585 2400 4135]. Economic and social benefits should be integrated on the basis of this basic prerequisite. The question of economic benefits has really cropped up as the socialist market economy continues to develop and as the production and circulation of intellectual products are closely linked with the general laws governing market operation. Good economic returns will help the development of propaganda and cultural undertakings. At the same time, it is necessary to

realize that the value of intellectual products which have a special property different from that of material products is more importantly reflected in social benefit. The economic returns of some intellectual products may be small, but the products play a big role in promoting the development of productive forces and all-round social progress. In propaganda and cultural work we should always make social benefits our highest criterion. When economic benefits contradict social benefits, we should consciously subject economic benefit to social benefit.

Second, it is necessary to adopt a scientific approach in dealing with our traditional national culture and cultures from the outside. Having experienced many vicissitudes of life, our nation has created a brilliant Chinese civilization in the history of mankind and developed a traditional culture of great vitality. We should do a good job in inheriting this valuable cultural heritage, discarding the dross and selecting the essence. We should conscientiously study and draw on the achievements of civilization of various countries in the world and be good at assimilating what is good from the cultures of other countries and nations to develop our culture. In stressing the inheritance of cultural heritage and learning from other cultures, our purpose is through these two means to closely integrate our traditional national culture and the essence of foreign cultures with the fine traditions and revolutionary spirit which took shape in the long years of revolution and construction by the people under the leadership of our party, and to make constant innovations on the basis of new practice to build and develop a socialist culture with Chinese characteristics.

Third, it is important that we build a spiritual civilization and strengthen its management. Building a spiritual civilization includes management, and management can in turn promote the building of a spiritual civilization. Strengthening and improving management will provide an effective guarantee for developing propaganda and cultural undertakings and prospering the cultural market. We should make great efforts to promote the prosperity of cultural undertakings and produce more spiritual products loved by the masses. Meanwhile, we must not be oblivious to erroneous and unlawful things. On the major issues of principle the propaganda, ideological, and cultural departments must adhere to principle and take a clear-cut stand on what should be advocated, what can be allowed, what should be limited, and what should be opposed. The masses are very resentful of those things which negate the party's leadership and the socialist system, disseminate corrupt thinking and decadent sentiments, spread feudalism and superstition, play up sex and violence, and endanger our cause and harm people's physical and mental health, especially the young people and children. We must not let those things spread unchecked. We should see that many problems in our management belong to contradictions among the people. In our work, we must adhere to the party's principles and policies, do things strictly in accordance with the law, and pay attention to management and work methods. Regarding propaganda and

cultural undertakings—including the law of the development of a socialist cultural market—there are still many things to learn. We should seriously study and actively explore related matters, sum up our experiences, improve and strengthen management system, and raise our level of management.

To make propaganda and cultural undertakings prosperous and build a socialist spiritual civilization, we should formulate a plan for development. We have now established a three-step development goal for economic development, and have also had a basic framework for the reform of the economic structure and the establishment of a socialist market economy. The building of a socialist spiritual civilization touches various sides and is an engineering system. A resolution in this respect was adopted at the Sixth Plenary Session of the 12th CPC National Congress. On the basis of our achievements, we should now carry out deep-going investigations and studies, strive to formulate an overall plan, and establish progressive goals and specific measures for the building of a spiritual civilization within two to three years according to the new situation.

3. We should make efforts to strengthen and improve the party's leadership over propaganda and ideological work.

Propaganda and ideological work has a bearing on the overall situation in our undertaking to build socialism with Chinese characteristics. Party committees at all levels must attach great importance to this task; they must strengthen their leadership and earnestly shoulder responsibility in this regard. Comrade Deng Xiaoping has pointed out: "While building a high-degree material civilization, we should also raise the scientific and cultural level of the entire nation; develop an elevated, rich, and colorful cultural life; and build a high level of socialist spiritual civilization." He has also stressed: "In promoting the four modernizations, we must attach importance to both material and spiritual civilization and must not just pay attention to one side." We must do a good job in building both material and spiritual civilization, and only when there is both material progress and cultural and ideological progress can there be socialism with Chinese characteristics. We should solemnly place before the entire party the question of giving equal emphasis to two fronts and doing well in both; we must place the question high on the agenda of party committees at all levels. We should make it clear that the responsibility for a region's or department's propaganda and ideological work and progress in promoting spiritual civilization lies primarily with its party committees. Party committees at all levels, and their principal officials in particular, must conduct in-depth research and investigation, sum up experiences, provide careful guidance, and make supervision and inspection to improve propaganda and ideological work. Some of the work requires coordination from various sides, and party committees must make unified arrangements and must study and coordinate their actions. Party committees and governments at all levels must constantly introduce

the current situation, tasks, principles, and policies to propaganda, cultural, and educational departments as well as help those departments understand the progress of reform and construction so as to facilitate their respective work.

We should consider the propaganda of the reform of cultural undertakings as important work, make overall arrangements, and actively promote such work. The propaganda of the reform of cultural undertakings should suit the need of the work of the development of a socialist market economy and of the entire cause of socialist modernization. It should be in accord with the requirement of building socialist spiritual civilization and with the law of the development of propaganda work and cultural undertakings. Through reform of the management system, we should change government functions, straighten up relations, simplify administration, raise efficiency, and strengthen the vitality of propaganda work and cultural undertakings. We should attach importance to strengthening the institution [zhi du hua 0455 1653 0553] and standardization of propaganda and cultural work, and increase the formulation of necessary laws, rules, and regulations.

Building a contingent of propaganda and ideological personnel who are politically sound, professionally competent, and upright in work style serves as an organizational guarantee for the successful execution of propaganda and ideological work. Party committees at all levels should demonstrate concern for this contingent in politics, ideology, work, and daily life and do a good job in building it. The key to strengthening the building of this contingent lies in successfully building its leading body. In accordance with the policy of making the ranks of cadres more revolutionary, younger in average age, better educated, and professionally more competent and the principle of requiring both ability and political integrity, we should assign to important leading posts on the propaganda and ideological front cadres who uphold the party's basic line, well versed in Marxist tenets, and possess a strong sense of political responsibility and an awareness of the cause. There is a large collection of intellectuals on the propaganda and ideological front. We must conscientiously implement the policy of respecting knowledge and talent. We must strive to create a democratic, lively environment in which people can cooperate in unity and with an ease of mind. We must bring into full play the intelligence and wisdom of the vast number of intellectuals on this front so that they will find their way to distinction. We must particularly help young talented people to grow up faster and sounder, and we must gradually bring up in force experts in various fields who will make an impact at home or even internationally. As for those making outstanding contributions, we must especially care for and treasure them. We should establish different kinds of award which reflect our nation's scientific and cultural achievements and are deemed as a high honor in society. The propaganda and ideological front shoulders a heavy and difficult burden. We must treat comrades on this front with

understanding and vigorously support them. While setting stricter demands on them, we must not demand perfection. We must ardently help them sum up experience and raise their standards. Propaganda and ideological workers must strive to study theory; learn about socialist market economy, science and technology, and history of literature, music, and fine arts; and acquire a basic understanding of the development of Chinese and world cultures. They should go down to the grass-roots levels, to go deep among the masses, and to go into the realities of life so that they can draw nourishment from the creative and history-making activities of the masses to replenish and improve themselves. No good works can be accomplished nor successful propaganda and ideology work can be carried out if one removes oneself from reality and the masses.

There is a galaxy of talents on the propaganda and ideological front. The vast number of comrades on the propaganda and ideological front are loyal to the cause of the party and the people. Working diligently and conscientiously, and willingly bear the burden of office, they did a tremendous amount of work and made important contributions to publicizing the party's basic theory and line, to promoting reform, opening up, and modernization, and developing socialist spiritual civilization. Practice has proved that this contingent is very dedicated and possesses a strong fighting capability. The party Central Committee trusts it and the party and people have high expectations of it. In the new period, the contingent shoulders an important responsibility. It is hoped that everyone will, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, work vigorously to make the country prosperous, keep forging ahead with all our energy, and make every effort to raise propaganda and ideological work to new heights.

Comrades, our modernization involves a historical process which centers on economic construction and during which the socialist market economy, socialist democracy, and socialist spiritual civilization will develop simultaneously. By upholding the party's basic line and not wavering in it for 100 years and through the efforts of several generations, we can definitely basically accomplish socialist modernization and win the great victory in building socialism with Chinese characteristics by the middle of next century. Let us unite as one and forge ahead steadfastly and courageously toward this goal!

Economic & Agricultural

Jiang Zemin Emphasizes Grain Production

OW0403162094 Beijing XINHUA in English 1545
GMT 4 Mar 94

[Text] Beijing, March 4 (XINHUA)—Jiang Zemin, general secretary of the Central Committee of the Chinese Communist Party, said here this week that party committees and governments of all levels must attach importance to the issue of grain production.

At the closing session on Tuesday [1 March] of China's National Conference on Poverty Reduction, Jiang noted that grain is a special commodity which concerns people's life and the whole situation in the country.

He said that all places should stabilize crop growing areas, grain output and storage, and there should be a balance between places in total grain volume and grain production.

He said that last year, China's grain output was a record, which created favorable conditions for the development of China's national economy and social stability.

But, he noted, there are still new problems in grain production.

He said that since the beginning of the 1990s, the grain output in some provinces and areas in south China had declined due to decrease of the profits of grain production and the readjustment of crop cultivation.

He said that the provinces and areas have to purchase large portions of grain from other provinces.

He said that weather was one of the factors which affected grain output in south China, but the main factors were the decrease of crop growing area and decrease of investment in farm production.

Jiang pointed out that all party committees and governments should pay attention to these problems.

He said that effective measures should be taken to check the tendency of weakening grain production in some areas.

He said that if there was something wrong with "rice bags" and "vegetable baskets," the country's stability would be affected.

He stressed that the solution to China's grain problems must depend on self-reliance.

He called for policies of two basic balances—a balance of total volume, China should achieve self-sufficiency, and a balance in grain imports and exports.

Talking about the balance between crop growing areas, he said that south China should be self-sufficient in rice.

He said that at present, the rural areas were seeing spring ploughing. He called for good management for the ploughing and for supplying the farm production materials.

Last month, State Councillor Chen Junsheng sent letters to the government leaders of seven provinces and regions, including Guangdong, Guangxi, Fujian, Jiangxi, Hunan, Hubei and Zhejiang, urging them to do the spring ploughing well to ensure a good harvest.

Zou Jiahua Urges Discipline in Civil Air Service

CHINA DAILY on Speech

HK0503082294 Beijing CHINA DAILY in English 5
Mar 94 p 1

[By Xie Yicheng: "Get Tough Call Aims To Boost Civil Air Service"]

[Text] Rigid management and strict discipline are the keys to bringing about the healthy and smooth development of China's civil air service, a top government official said yesterday.

Vice-Premier Zou Jiahua told the final day of the national civil aviation conference in Beijing that the sector's leading officials must be strict with themselves and their sub-ordinates.

He referred particularly to the air safety responsibility contract signed between directors of the Civil Aviation Administration of China [CAAC] and the CAAC's regional bureaus, carriers, airports and pilot-training schools.

The contract is designed to stop accidents and it has set safety targets for each unit, defining the penalties and rewards their leaders face depending on their performance.

Zou said civil aviation made progress last year, but he also criticized it for problems such as slack management, the risk of frequent accidents and poor service.

And he called on delegates to find new ways to ensure safety in a changing industry.

CAAC deputy head Bao Peide said the industry will spare no effort to resolve four major problems—the lack of flight facilities, the lack of ground facilities, the poor quality of some workers, the quality gap between new jet airliners and the country's sometimes obsolete airports.

XINHUA on Speech

OW0403165094 Beijing XINHUA in English 1406
GMT 4 Mar 94

[Text] Beijing March 4 (XINHUA)—Vice-Premier Zou Jiahua today called on the staff members of China's civil airlines to improve the quality of services and open a new era in their work.

At the closing session of a national working conference on the civil aviation service, Zou said that since the new leadership of China's civil aviation services analyzed the major problems and took some measures to deal with them at the end of last year, progress had been made in the work of the services.

But, he noted, the problems—including some slackness in management and low service quality—have not been totally solved and arduous tasks remain for the services.

He said that civil aviation services play a special role in China's opening to the outside world and it is an industry with modern scientific and technological knowledge.

He called for practising strict management and discipline, and improving various responsibility systems.

The primary task for the civil aviation services is safe flights, he said.

He said that he is against blindly setting up airlines without taking account of conditions.

He urged the China Administration of Civil Aviation to regulate the air navigation market and set up good order in navigation.

The vice-premier also stressed the need for readjustments in those local airlines which had had more accidents.

He said that punctual flights and improvement of service quality should be an obligation for all airlines.

He urged the airlines to study the psychology of passengers, understand their difficulties and make efforts to meet their needs.

Sichuan Governor Still Candidate for Bank Head

HK0503082494 Hong Kong EASTERN EXPRESS in
English 5 Mar 94 p 6

[By Bruce Gilley]

[Text] The Sichuan Governor, Xiao Yang, is still under consideration to replace the Executive Vice-Premier, Zhu Rongji, as head of the central bank, despite having refused the post when offered it before the lunar new year holiday. "It's not very likely now, but things are still developing," the assistant governor of Sichuan, Xu Zhongmin, said in a recent exclusive interview in Shenzhen. "He would like to remain as Sichuan Governor, but Beijing still has the right of consideration," he said.

Top officials in Sichuan remained worried Xiao would be persuaded by Zhu, who was a Qinghua University classmate, to take up the post in Beijing. "It would be a great loss for us. We should have him for longer," Xu said.

Since being promoted from party secretary of Chongqing last year, Xiao has taken personal charge of foreign investment and industry portfolios, areas that are usually handled by deputy governors, Xu said. "This is the time of great aspirations for Mr Xiao," he said.

Zhu reportedly offered Xiao the post during an inspection tour of Sichuan before the lunar new year, according to Taiwan's CHINA TIMES. Xiao, 65, threatened to resign from politics unless he was promoted to a Beijing position during last year's 14th party congress, where he barely squeaked in as an alternate politburo member.

Zhu offered him a state councillor position as an additional sweetener if he would become head of the People's Bank of China (PBOC). But worries about the political pressure of being the first governor of a supposedly independent central bank led Xiao to refuse the offer despite his ambitions. Zhu's act was apparently likened to offering a strong cappuccino to a man dying of thirst.

But while politely refusing the post, Xiao expressed support for Zhu's tight control of China's financial system, which he said would prevent Sichuan bank savings from illegally flowing to coastal areas. "If you open the floodgates, it becomes more important to plug leaks. Following the recent easing of the money supply we must prevent even a single cent flowing east," Xiao reportedly said.

Zhu confirmed before his recent trip to Japan that he was having difficulty finding someone to take over the top position in the central bank. He is believed to be desperate to shed the governor's job because of the extra workload. "It seems not many people would like to take the post... so I have to continue," he told reporters at Beijing airport.

The current vice-governors of the PBOC have been most often mooted as Zhu's probable successor, but official sources in Beijing said there was concern that they would be too weak. "The central government wants someone for the post who can wield power without any restrictions," one official said. "That means someone who is a political heavy weight, not an experienced banker," the official added.

Fighting the threat of inflation has emerged in recent weeks as Beijing's main concern in 1994. This contrasts with the emphasis on quick growth and "deepening reforms" of last year. Maintaining a tight control on the money supply despite political pressures is considered crucial to keeping inflation in check.

Official Says Currency To Be Convertible 'Within Six Years'

OW0503150294 Beijing XINHUA in English 1336 GMT 5 Mar 94

[Text] Beijing, March 5 (XINHUA)—A senior Chinese financial official said here today that China will strive to make its currency—the renminbi [rmb] yuan—convertible on current account within six years.

China unified its previous dual exchange rates on January 1 this year. "We will also relax foreign exchange control over foreign trade, beginning this year," said Zhu Xiaohua, vice-governor of the People's Bank of China, the Central Bank, in an interview with XINHUA.

Zhu, who was made director of the State Administration of Foreign Exchange Control early this year, said the moves will put the Chinese yuan considerably closer to being a freely convertible currency.

He expressed satisfaction with the reaction both from the public and the market to the rmb exchange rate unification.

The country's foreign exchange reserve went up markedly during the past two months, he said.

Since China stopped issuing foreign exchange certificates (FEC) upon unification of the yuan's exchange rate, the Bank of China has withdrawn one third of the FEC special bank notes in circulation, Zhu noted.

The first quarter of 1994 is supposed to be a transitional period for China's foreign exchange control system to convert from the old to the new.

During this period, the Central Bank publishes the market exchange rates every morning, which are formed on the basis of the average prices on the foreign exchange swap markets across the country.

The banks, however, can only buy or sell hard currency according to the central bank's buying and selling prices. They are not allowed to float the price for the time being.

However, the rmb exchange rate will begin to float as of April 1 this year. The swap centers will then have given way to a fledgling inter-bank foreign exchange market.

Zhu said that the range of floatation will not be very big in the initial state of the new system's operation, to ensure that it does not have a too large effect on the national economy.

"The floatation has to be somewhat controlled, considering China's reality, especially when our fiscal and monetary policies cannot fully regulate the economy," said Zhu.

But he said that the central bank's intervention will be conducted mainly by buying or selling hard currency, instead of by setting price limits.

"We will also see the frequency of such interventions gradually reduced," Zhu said.

According to the vice-governor, the unified inter-bank foreign exchange market will have as members the 13 major domestic banks, 88 branches of foreign banks and Sino-foreign banks.

Many foreign banks have applied to join the system, said Zhu, adding that the central bank is considering taking in as brokers of the market some international trust and investment companies "to ensure the exchange rate really reflects the supply and demand."

As to whether China will have an adequate supply of foreign exchange according to the current foreign exchange rate, Zhu said that this is decided mainly by the monetary policy of the central bank.

He said that the outline of monetary policy to curb the scale of investment in fixed assets has taken shape and the current exchange rate is quite advantageous for exports.

As long as the current policy of attracting foreign investments remains unchanged and the investment environment is improved, more foreign investment will keep flowing into China, thus making up the foreign trade deficit.

As one of the principal operators of reform of China's foreign exchange system, Zhu expressed optimism about the goal of realizing a balance between supply and demand of hard currency while seeing an increase in China's foreign currency reserves.

'Steady Transition' of Exchange Rate Reported

HK0703050994 Hong Kong ZHONGGUO TONGXUN SHE in English 0809 GMT 5 Mar 94

[Text] Beijing, March 5 (CNS)—The exchange rate of the renminbi made known by the People's Bank of China has stood firm at around one U.S. dollar against RMB 8.7 since the unification of the exchange rate of the renminbi started on January 1 this year. An authoritative source from the sector said that the phenomenon showed a steady transition of the exchange rate of the currency, seen as a solid foundation for a number of measures for the restructuring of the foreign exchange administration system to be adopted.

With the implementation of the unification of the exchange rate of the renminbi, the currency has a floating exchange rate decided by the market. The People's Bank of China makes public an exchange rate of the renminbi every day by making reference to the exchange rate involved in trade among banks on the previous day. The exchange rate of one U.S. dollar against RMB 8.7 has been the price seen in the swap market since the beginning of last year, meaning little fluctuation in the swap market following the practice of unifying the exchange rate of the renminbi. The foreign exchange market has proceeded normally and the price of the currency remains stable. The exchange rate of 8.7 yuan is regarded as the bottom line for the renminbi with a fluctuation rate of not more than 0.1 yuan.

Before the establishment of a unified foreign exchange market among banks, swap markets for foreign exchange which are considered a transition move still play an important role across the country. Individual business entities undertaking the trade of foreign exchange, however, have withdrawn from the market while most foreign trade companies as well as import and export companies have employed a wait-and-see practice and therefore seldom take part in transactions in the market through means of brokers, resulting in a small traded volume in the foreign exchange market.

Conversion of foreign exchange certificates into renminbi has returned to normal following a brief market fluctuation in the wake of a decision halting the issuance of the certificates.

Stability in the market after the unification of the exchange rate of the renminbi is because such reform was line with the market economy system. There is need by the authorities for some problems arising from the new practice. Improvements should be made in order to offer sound conditions for the restructuring of the foreign exchange administration system.

Experts Urge Early Free Exchange of Renminbi

HK0403153294 Beijing ZHONGGUO XINWEN SHE in Chinese 1110 GMT 22 Feb 94

[By reporter Yu Jun (0060 0193): "Experts Suggest Carrying Through the Plan for Free Exchange of Renminbi at an Early Date"]

[Text] Shanghai, 22 Feb (ZHONGGUO XINWEN SHE)—Financial experts here pointed out that it is necessary for China to create conditions to achieve free exchange of renminbi to restore its signatory state to GATT at an early date. Hence, the problem of foreign exchange system reform must be placed high on the government agenda.

Commenting on Shanghai's strategy for economic development, Shanghai CPPCC (Chinese People's Political Consultative Conference) members, who are now attending the second session of the eighth municipal CPPCC, believed that the reform of the foreign exchange system will have different impact on the economy of different areas. For Shanghai, which is set to develop itself into an international economic, trade, and financial center, the reform will mean more opportunities for development, they said.

Shanghai is presently the place where China's biggest stock exchange and biggest foreign currency swap center are situated. As China opens wider to the outside world, especially as it presses ahead with the foreign exchange system reform, spot foreign exchange markets, forward foreign exchange markets, and offshore financial markets will certainly be set up in turn. If Shanghai plans to become an international financial center, an important task is to energetically create conditions to establish itself as a center of all these financial markets. Shanghai CPPCC last year organized financial and trade experts into several panels to conduct investigations and studies. These panels presented their findings report at the current CPPCC session.

The report entitled "Free Exchange of Renminbi and Shanghai's Financial Status" proposed principles for free exchange of renminbi: Unifying exchange rates of renminbi and relaxing control over foreign exchange. Free exchange of renminbi can start with the current account of international payment and then apply to capital account. Non-resident convertibility should be allowed

first and then resident convertibility. Along this line, renminbi will finally become international money. To this end, the key task is to expand exports at a greater pace, strike a balance of international payments, and manage to reserve more foreign exchange. In addition, efforts should be made to stabilize currency values at home to lay a solid foundation for free exchange of renminbi.

Shanghai should, in line with present conditions, relax control over foreign exchange and vigorously develop a national foreign exchange market to create the necessary conditions for achieving free exchange of renminbi.

To achieve this, the findings report tabled specific plans: With the support of the People's Bank of China, setting up a national foreign currency swap center in Shanghai and gradually changing it into a spot foreign exchange market; instituting a well-managed unitary floating exchange rate system; setting up a forward foreign exchange market in Shanghai as soon as possible; appropriately relaxing control over foreign exchange; making loans in renminbi to certain foreign-funded financial institutions; and exploring ways for opening a limited offshore financial market in Shanghai.

Government To Limit Listings To 'Perk Up' Market

HK0603084994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Mar 94 p 1

[By Wei Ling: "To Revive Market, Regulators Will Limit New Listings"]

[Text] The central government is to control the speed of listing new firms in a bid to perk up the country's lacklustre stock market.

China Securities Regulatory Commission, the country's stock-market watchdog, has confirmed that the country will go ahead to issue 5.5 billion yuan (\$632 million) worth of shares as planned. However, the issuing of part of the shares may be postponed until next year, if necessary.

Last month, the Shenzhen Securities Exchange suspended the listing of new shares to help revive the bearish market.

The long-awaited step was warmly welcomed by both investors and experts. They blame the continuing slip in the market on the listing of too many new shares in too short a time, which leads to a shortage of capital.

And they hoped the move would reverse the months-long bearish trend on the markets.

However, they have been disappointed that Shenzhen's move has failed to bring the anticipated results.

The brief revival disappeared quickly as the market remained dull last week and most investors continued to wait and see.

Some experts say the suspension of new stocks cannot solve the stock market's real problems.

High interest rates, increased risks in stocks investment and the disappointing performance of public companies are the major reasons for the market's dull performance, said an economist at Beijing University.

Enterprises must now pay more for bank loans and that, in turn, is reducing their profits.

More importantly, the high interest rates have also encouraged potential investors to protect their cash in banks rather than risk it on stocks.

In addition, China's expanding stock market and the increasing numbers of investors have made buying shares more risky.

The days when the demand for stocks outpaced supply and people could become rich overnight have long gone.

Now more and more public companies are choosing to grant bonus shares or rights issues as dividends to shareholders. So shareholders get no cash dividend and have to buy the new issues.

"It is hard to earn money in the stock market today—that's why I withdrew my money from the market," said Beijing investor Li Qin.

Securities Commission Suspends Shenzhen Notice

HK0503083294 Beijing CHINA DAILY in English 5 Mar 94 p 2

[By Ren Kan: "No Trades of Special-Price Shares Soon"]

[Text] State and corporate-owned shares sold under preferential terms will continue to be kept out of the open trading market, declared the China Securities Regulatory Commission (CSRC) yesterday.

CSRC announced that it was suspending the implementation of a circular issued by the Shenzhen Securities Administration Office that said in half a year trading of these special-treatment shares would begin.

Analysts said the Shenzhen circular resulted in a heavy blow to the stock market, because it means a large amount of shares will be listed.

In the past two days, the Shanghai stock market dipped by 15.5 points while the Shenzhen market went down 5 points.

The shares are known as right issues. Listed companies sell them to shareholders at lower prices and at a certain ratio.

Zhu Li the spokesman of the commission said that it is not proper for local securities administrations and exchanges to make some regulations on policy-related issues before the State can make unified rules on these policies.

He urged them to "take the interests of the whole into account" while making decisions.

The local securities administration office did not inform the CSRC before they published the circular.

CSRC officials said they knew the information only through a story published in yesterday's Shanghai Securities newspaper.

In China, shares are divided into State and corporate-owned and individual shares.

At present, only individual shares are traded on securities exchanges while a small number of companies have listed their corporate shares with the Securities Trading Automated Quotations System and National Electric Trading System.

State shares are kept completely out of the market.

The circulation of State and corporate-owned shares has been a hot topic for both securities administration and investors.

CSRC said that the country is working on regulations covering the listing of corporate-owned shares.

Before the regulations are issued, the listing of new corporate-owned shares will be suspended.

And it said the listing of State-owned shares could not be dealt with before the transaction of corporate shares.

In another development, Zhu denied that about 10 billion yuan (\$1.1 billions) of shares will be listed this year.

"At least, the commission has never heard of such a huge figure," he said.

He made the statement at yesterday's press conference in response to newspaper stories that gave such a prediction.

China last year issued 4 billion yuan (\$459 million) of shares and is set to issue 5.5 billion yuan (\$632 million) of shares to domestic investors this year.

Chinese securities investors have complained that too many companies have been listed on the market, which has made the market bearish.

Stock Market Computer Link Will Start on 7 Mar

OW0503151994 Beijing XINHUA in English 1420
GMT 5 Mar 94

[Text] Shanghai, March 5 (XINHUA)—A computer network, which links Shanghai Stock Exchange (SSE) and Shenyang Securities Trading Center in northeast China, is to go into operation on Monday (March 7).

It is the second of its kind after a link was established between the SSE and the securities trading center in east China's Fujian Province.

With it, all buying and selling orders can be transmitted on computers. Brokers at both places can trade securities listed on these two stock markets and can receive quotations and settled accounts issued by them, and investors' accounts are in common use in the two cities.

Since a successful trial of the network in January, over 90,000 citizens in Shenyang have been encouraged to open new accounts within the past two months.

The network will offer more opportunities for members of the SSE from different parts of the region to enter the Shenyang market.

Beijing 'To Edge Into' Global Construction Market

OW0503040894 Beijing XINHUA in English 0322
GMT 5 Mar 94

[Text] Beijing, March 5 (XINHUA)—Beijing will try to edge into the construction market in Latin America, South Pacific regions and Europe starting from this year, announced Wan Jifei, deputy director of the Beijing Commission of Foreign Trade and Economic Cooperation.

Currently Beijing's foreign construction market is confined mostly in southeast Asia and the Commonwealth of Independent States.

Last year, Beijing signed contracts for 530 million U.S. dollars-worth of construction projects. With a total of 3,200 people abroad, the city completed a business volume of 160 million U.S. dollars.

These include construction of a residence area in Kuala Lumpur, Malaysia, of a flyover in Sri Lanka and of a 180-km highway in India.

Wan said that he is hopeful to snatch a sizeable share in the construction market of those more advanced countries as Beijing has the country's best professionals in architecture and construction.

Survey Views Property-Rights Exchange Markets

OW0503073094 Beijing XINHUA in English 0701
GMT 5 Mar 94

[Text] Beijing, March 5 (XINHUA)—The latest survey by the State Commission for Restructuring the Economy showed that China's property-rights exchange markets have gradually taken shape and bold steps have been taken in transferring property rights of enterprises.

By now multi-level property-right exchange markets of different sizes have been established in over 20 Chinese cities of 14 provinces and more are in preparation.

Central China's Henan Province has set up more than 20 property-rights exchange markets and disposition markets for properties lying idle.

Northeast China's Jilin Province had auctioned 436 local state-owned enterprises through property-rights markets by the end of last year.

Mudanjiang City in northeast China's Heilongjiang Province has got funds of about 57 million yuan by auctioning 10 enterprises to buyers from the Republic of Korea and Hong Kong.

Sixteen enterprises were sold out to and five were leased by domestic individual businessmen or those from Hong Kong and Taiwan on a property-rights exchange fair held last September in central China's Hunan Province.

Reform measures have also been taken to shift state-owned enterprises into collective enterprises through annexing or other ways, according to the survey.

Utilization of foreign capital has seen a new boom. Quanzhou City in east China's Fujian Province introduced foreign investment to all of its 41 state-owned enterprises in the first three months last year.

Billion-Dollar Investment Fund Established

HK0703064294 Hong Kong AFP in English 0608 GMT 7 Mar 94

[Text] Beijing, March 7 (AFP)—Former Pakistan premier Moeen Qureshi announced here Monday the establishment of the first large-scale international investment fund exclusively targetting infrastructure projects in China and other developing countries.

The billion-dollar AIG (American International Group) Asian Infrastructure Fund, originally promoted and invested by AIG, is to provide equity financing for major Chinese infrastructure projects in the transport, telecommunications, and power sectors, said Qureshi, a former World Bank and IMF executive. Half the fund will be invested in China, while the other half will be concentrated on Association of Southeast Asian Nations (ASEAN) countries, he added.

As well as AIG, the main investor in the 10-year fund is the Singapore government which has injected 250 million dollars through various subsidiaries.

The first closing of the Bermuda-based fund has just been completed in Singapore to the tune of 760 million dollars, Qureshi said, adding that the second closing in a few months time would bring the fund's resources to at least one billion dollars.

China's international investment arm, the China International Trust and Investment Corp. (CITIC)—another major investor in the fund, will act as a local adviser together with the Bank of China.

The participation of U.S. pension funds, endowment plans, and insurance companies in the scheme signals a

changing trend in capital flow with long-term investors beginning to target developing countries, Qureshi said. "This represents a sea change in the willingness of long-term investors to venture out into developing countries," he said, adding that China's rapid economic growth coupled with the problem of transport bottlenecks provided "important opportunities" for infrastructure investment here.

Following talks with Chinese officials, Qureshi said the fund was looking to invest in certain railway links and pilot projects aimed at opening up China's telecommunications sector. "We have also been specifically asked to consider the expressway that links Beijing with the capital of Hebei Province, Shijiazhuang, and four or five power projects."

Some 80 percent of the funds resources will be invested in the telecommunications, power and transport sectors alone, he added.

Foreign Firms Cooperate in Offshore Oil Production

OW0603002494 Beijing Central People's Radio Network in Mandarin 2230 GMT 13 Feb 94

[Undated recorded report from the "News and Press Review" program]

[Text] Dear listeners. In recent months the China National Offshore Oil Corporation [CNOOC] once again made its mark domestically and internationally with the signing of a series of cooperation contracts with foreign partners to prospect for and exploit oil reserves in the East China Sea. So far they have signed 18 contracts and agreements with nine oil consortiums formed by 15 companies from seven countries. Its foreign partners would provide a total of \$300 million in risk investment. According to authoritative persons, the bidding for contracts on the East China Sea's oil resources were conducted with even more success than those for previous oil contracts, with such major world-famous oil companies as Texaco, Chevron, Esso, Agip, Shell, and the Japan Petroleum Exploration Company Limited emerging as successful bidders. The CNOOC's well-established enterprise image within the international oil industry and its excellent reputation as a business partner—in addition to such major factors as China's political stability, rapid economic development, and the deepening of reform and opening up to the outside world—played a major role in bringing about such success. The following is a related report by our station reporter Xu Hualing:

[Begin recording] [Xu] With the spring festival drawing near, evening parties fill Beijing. The CNOOC's new year reception at the Chang Jiang Hotel takes on an entirely new look. Its foreign liaison manager, Zhu Dazhi, told me that today's guests include many representatives of foreign oil companies in Beijing as well as domestic business partners. The foreign companies have very good cooperative ties with the CNOOC. As all the

guests are watching with great interest the performers passing amongst them and walking up to the stage, I began looking for interviewees from among the crowd.

Excuse me, you are Esso's representative in China, correct?

[Unidentified Esso representative] Yes, I am.

[Xu] Would you please tell me when Esso began its cooperation with the CNOOC?

[Esso representative] Esso is known as Exxon in the United States. We began to explore opportunities for cooperation with China back in 1978, and signed our first mineral prospecting contract with China in 1979. We established a representative office here as early as 1981. That was when I first came to China.

[Xu] We know the Exxon Corporation has many oil exploitation projects and sites around the world, and has established very good cooperative ties with many countries in oil exploitation. What are your comments on the CNOOC in comparison with other foreign companies?

[Esso representative] In short, we may say the CNOOC, like other oil companies around the world, has a work style in absolute conformity with international standards and caters to international cooperation.

[Xu] Hello, sir. You are the Chevron Corporation's chief representative in Beijing. Would you please give us your comments on the CNOOC?

[Unidentified Chevron representative] Of course I can. I feel that the CNOOC has, from the day of its founding, always operated under the criterion of foreign cooperation. Such a condition makes it easy for them to carry out harmonious cooperation with foreign counterparts, get their work on track, and be accepted by foreign companies. Moreover, because of their early intent to reform and open up to the outside world, they are also especially quick to accept foreign knowledge of advanced management as well as production and prospecting techniques, thus achieving particularly rapid development.

[Xu] Compared to Esso, Chevron, and other large companies in the world which have been around for decades or even a century, the CNOOC is a novice, with a history of only 11 years. Nevertheless, the rapidity of its development and growth has drawn worldwide attention. In his modest words, CNOOC General Manager Wang Yan reviews this history with a hint of his sense of accomplishment.

[Wang] Over the past decade, the CNOOC has gone through three stages. First, we carried out foreign cooperation immediately after the CNOOC's founding. As we had reached a higher level and accumulated some capital by 1987, we began to gradually increase the proportion of oil prospecting and exploitation carried out on our own. By now our independent work has already substantially outweighed foreign cooperation projects. We are

now able to independently carry out not only prospecting, but also construction, exploitation, and some installation work at sea. We can handle all offshore operations by ourselves. With the standards of some of our techniques, we can operate not only in Chinese but also international waters.

[Xu] So far 10 oil and gas fields have been tapped and put into production, and 10 more are currently under construction in the vast expanse of Chinese waters which were absolutely empty a decade ago. By 1997, China will have 20 offshore oil and gas fields producing 12 million metric tons of crude oil and 4 billion cubic meters of natural gas annually. [end recording]

Multinational Oil Exploration Venture Begins Work

HK0603075894 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Mar 94 p 1

[By Chang Weimin: "Joint Move Under Way To Exploit Offshore Oil"]

[Text] Sino-foreign joint exploration for petroleum in the East China Sea was kicked off last week, signalling a strategic move for East China's economy and the future of China's offshore oil operations.

The long-awaited exploration started with initial seismic work commissioned by a foreign oil consortium. At the same time, dozens of technical firms have arrived to help establish a service centre in Wenzhou, Zhejiang Province.

Oil and gas reserves in the region are expected to ease the decades of energy shortages in East China's five provinces and the economic giant of Shanghai.

Estimates say some 4.6 billion tons of crude oil and 2,480 billion cubic metres of natural gas are contained in the sea. Combined, they are equivalent to 6.5 billion tons of crude oil.

The exploration, expected to span seven to eight years, will be carried out by oil firms such as the American-based Exxon, Texaco and Chevron; the Italian Agip; and the Netherlands' Royal Dutch Shell.

Reserves verified so far in China's offshore areas ensure that annual production of oil will increase from last year's 4.6 million tons to 12 million tons within four years, and continue at 8 million tons thereafter. However, future development will depend on the size of future discoveries.

On Tuesday, an engineering vessel began seismic work in a block awarded to a consortium consisting of Texaco, Agip and the Danish firm Maersk.

It is the first prospecting move by a foreign oil group there.

As the first winning team in an international bidding conducted by the China National Offshore Oil Corporation (CNOOC), the three foreign firms were awarded three offshore blocks, 400 kilometres southeast of Shanghai.

Also on Saturday, some 20 Chinese and foreign technical firms moved into Wenzhou, a service centre for oil operations in the area.

The firms will provide technical services for the project. Engineering vessels also are to be hauled to nearby ports and heavy equipment will be installed at the bases for future use.

Other foreign oil firms that won bids are to kick off seismic work in the sea later this month or the next. A CNOOC official said seismic work is likely to begin in all contract blocks within the next two months.

The bidding for exploring the East China Sea, announced in 1992, ended in January this year with 18 contracts and agreements signed with 17 firms from seven countries.

The bidding was for 72,800 square kilometres, divided into 20 blocks. All but two of the blocks—7,800 square kilometres—were snapped up.

Chen, CNOOC's vice-president, last week called the international bidding a success. "The results are better than expected," he said.

In the fourth quarter of this year, the Texaco-led group and another group consisting of Japan Petroleum Exploration Co (Japex) and Teikoku Oil Co are likely to drill test wells. The two Japanese firms were awarded two blocks.

According to contracts, foreign oil firms will conduct 20,000 kilometres of seismic lines and drill 50 test wells in the sea. They expect to use \$300 million to finance the exploration.

He attributed the success partly to Chinese offshore oil firms' good reputations.

To date, CNOOC has signed 94 contracts and agreements with 55 firms from 15 countries. Some \$3.4 billion in overseas funds have been used for oil operations in the South China Sea and the Bohai Sea.

Chen said China did not open the sea until 1993 because more work was needed to avoid disputes over the China-Japan ocean boundary, unsettled in some places.

Chen did not elaborate on that diplomatic matter, but said CNOOC had successfully handled related issues and could ensure implementation of the bidding.

The saying is untrue that China had been reluctant to open the sea to foreign oil firms because that site is the country's most petroleum-rich offshore area, Chen said.

China opened the South China Sea and the Bohai Sea in the early 1980s.

China, during explorations of the sea before the international bidding began, had conducted 120,000 kilometres of seismic lines and drilled 28 wells there.

New Shipping Route Opens Between Ningbo, Tokyo

OW0503152694 Beijing XINHUA in English 1440 GMT 5 Mar 94

[Text] Hangzhou, March 5 (XINHUA)—A new container cargo route opened a few days ago from Tokyo to Ningbo, a coastal city in East China's Zhejiang Province.

It is run by Ningbo Shipping Corporation, which initiated its first shipping route to another Japanese port last year.

Ningbo is one of the 14 coastal cities in the country first opened to the outside world.

First Foreign Trade Law To Be Announced in April

HK0603075994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Mar 94 p 1

[By Wang Yong: "Country's 1st Law on Trade Due In April"]

[Text] China is expected to announce its first foreign trade law in April to better integrate its trade structures with international practices.

A top Chinese Government official said the law would be ready after it is approved by the National People's Congress this month.

Foreign trade management will be one of the major topics of the Congress, which convenes in Beijing next week to take up a wide range of economic issues.

The impending trade law will be the first comprehensive one passed by China.

"The law will unify the national foreign trade policies and create a fair environment for competition among all domestic enterprises," said the official, who spoke on the condition of anonymity.

Disparities between central and local government policies regarding foreign trade and investment have turned away many potential investors from overseas.

In the past local governments have extended tax breaks to foreign investors that run counter to central regulations and resulted in considerable losses to the State.

"The foreign trade law will also set the stage for open and fair competition between domestic companies," the official said.

Many Chinese enterprises are prohibited from dealing in foreign trade, but the official said foreign trade rights would be granted to more companies and scientific institutions in the years to come.

But she did not say if the law would open the way to extending "national treatment" to foreign investors.

National treatment means applying the same policies to all enterprises operating in a country or region. Such treatment is required by the General Agreement on Tariffs and Trade (GATT), which China is seeking to join.

However, she maintained that foreign investors now enjoy nearly the same treatment as their Chinese counterparts, especially in taxation.

China has been drafting the foreign trade law for many years. At times policy makers have been split over difficult issues, like whether to allow individuals to conduct foreign trade.

The official declined to comment on that point.

But one thing is clear: More units will be able to have foreign trade rights under the macroeconomic control of the State.

China is ready to allow more scientific institutions to engage in foreign trade. Conservative statistics show that less than 10 percent of China's scientific findings have been applied to making products for export.

Approval of the law is timed to coincide with China's latest move to unify its two-tier foreign exchange rate system, which cancels discriminatory measures for different types of enterprises.

Chinese analysts believed the foreign trade law will hasten China's re-entry into GATT.

China will sign the final package of the Uruguay Round of GATT talks in Morocco in April, paving the way for the country to rejoin GATT.

In another development, the official said China this year will revise its regulations guiding the use of foreign investment.

A national meeting on foreign investment is to end in Beijing on Monday.

Reliable sources said that the conference will signal some changes of policy in favour of foreign investors.

China has been planning to open its service sectors, like banking and transportation, wider to foreign investors. And it is ready to invite more foreign investment to develop its vast inland regions this year.

An unsettling factor is that the bulk of foreign investment still ends up in the coastal regions, leaving the hinterland farther and farther behind.

MOFTEC Cracks Down on Illegal Textile Exports

HK0703023094 Hong Kong TA KUNG PAO in Chinese
6 Mar 94 p 2

["Special dispatch" from Shanghai: "Vice Minister of Foreign Trade and Economic Cooperation Shi Guangsheng Says China Will Take Strong Measures Against Illegal Textile Exports"]

[Text] Shanghai, 5 Mar (TA KUNG PAO)—Shi Guangsheng, Chinese vice minister of foreign trade and economic cooperation, noted here today that China is taking measures to curb the illegal transshipment of textiles.

Shi Guangsheng said: The Chinese Government has consistently been abiding by the accords that it has signed with some countries on textile exports. In recent years, however, we found that a small number of enterprises have been violating the relevant regulations in an attempt to disrupt market order through cheating, illegal transshipment, and other means, thus affecting the normal export of Chinese textiles. In this connection, the Chinese Government is conducting conscientious investigations and will take strong measures against such activities.

Shi Guangsheng said: There are three possibilities regarding illegal textile exports. First, some enterprises intentionally violate the law; second, Chinese exporters collaborate with foreign importers and intermediary agents; and third, some enterprises simply know very little about the relevant policies, laws, and ordinances. Shi stressed that comprehensive and coordinated efforts should be organized to curb offenses in the first two cases.

Shi Guangsheng revealed that the departments concerned had called a meeting before the Spring Guangzhou Export Commodities Fair this year to formulate measures in a campaign against illegal activities related to the textile trade.

Official Supports Crackdown of Pirated Audio Tapes, CD's

HK0703064494 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0800 GMT 5 Mar 94

[By reporter Shao Ling (6730 7227)]

[Text] Hong Kong, 5 Mar (ZHONGGUO TONGXUN SHE)—Illegal transactions and seeking profits at the expense of faith are big taboos in the business world. The "pirated CD phenomenon" that has recently become rampant on the mainland is a case of such business. On this matter, the vice minister of China's Ministry of Radio, Film, and Television recently stated that China supports the crackdown on pirating records and audio tapes. People hope that the mainland authorities will vigorously and speedily clean up the pirated CD's and not let bad elements ruin China's national reputation.

The pirating of CD's on the mainland has indeed aroused much concern. According to an unofficial estimate, there are 25 manufacturers of original CD's in various parts of the mainland. They have 30 production lines, with an annual production capacity of 60 million CD's. Some people think this is an overestimation and that the actual production capacity is under 30 million.

Even by the minimum estimate, the mainland's CD output exceeds demand. According to statistics, the mainland public actually owns less than 7 million CD players. Given that three CD's are purchased for each CD player per year, the annual sales volume on the mainland market is about 21 million. In addition, the prices of the mainland's original CD's are on the high side, often going up to 200 or 300 yuan each. A large proportion of CD owners can only afford one or two CD's a year. Estimated this way, about 10 million CD's are sold annually, which is one-third of the annual production capacity. But pirated CD's, costing only 20 or 30 yuan each, can be sold in the tens of millions.

As a result of the excess supply of original CD's, either the manufacturer goes bankrupt, or is tempted into illegal pirating. It is said that some audio industry businessmen from Hong Kong and Taiwan have spotted the mainland's enormous potential for manufacturing CD's. They rope in people in charge of CD factories on the mainland, give bribes to local cadres, and ask factories to produce pirated audio tapes and CD's semi-overtly. The reason that some mainland factories knowingly violate the law is because they cannot resist the temptation of staggering profits: Each CD brings 10 yuan in processing fees, and if they produce 3 million a year, they can make 20 to 30 million yuan. This is a huge profit after the costs, outlays, equipment depreciation, and management expenses are deducted. Most of the pirated disks made by such Hong Kong or Taiwan businessmen in conjunction with mainland factories are for the domestic market. Some of them are smuggled to Hong Kong and Taiwan for sale or for reselling to other places. For example, Hangzhou's Huadie Guang Dian [5478 4308 0342 7193] Company imported Taiwanese equipment for producing audio tapes last year with a 110,000 pound sterling investment from a Taiwan firm. It produced 1 million pirated foreign music tapes in a year, most of which were smuggled abroad. Because a foreign firm lodged a complaint against this company not long ago, the city authorities of Hangzhou took action and ordered the company to suspend production and rectify itself. The Taiwan businessmen involved were also detained for interrogation.

In fact, most pirated audio tapes and disks are for the mainland market. While original CD's or even audio tapes are too expensive and slow-moving on the market, pirated ones sell very well among those in the lower class. With 20 to 50 yuan, one can buy the CD's of Hong Kong and Taiwan singers and famous foreign singers. In Guangzhou and Shenzhen, the record shelves are packed with audio tapes and CD's of stars from Hong Kong,

Taiwan, and other countries, most of which are pirated copies. Each tape sells for 20 yuan and a CD only costs 30 to 50 yuan.

Because the International Federation of Producers of Phonograms and Videograms (Hong Kong) lodged a complaint, the mainland recently stepped up the crack-down on factories that produce pirated audio tapes and CD's. Shenzhen authorities have conducted five cleanups so far, confiscated large quantities of pirated products, and punished two pirating companies. The mainland has also cooperated with the Hong Kong side in tracking down smugglers of pirated goods. Any Hong Kong citizen discovered by customs to be carrying pirated cassette tapes or CD's into the territory is subject to a penalty.

Government Combats 'Advertising Profiteers'

HK0603080794 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Mar 94 p 8

[By Wu Yunhe: "State To Get Tough on Ad Work"]

[Text] The central government is preparing to get tough on advertising profiteers.

The State Administration for Industry and Commerce has launched a trial programme to ensure the business is handled only by designated advertising companies.

The programme began last Tuesday [1 March] in the Guangdong cities of Guangzhou, Shenzhen, Zhuhai, Shantou, Foshan and Zhanjiang.

The administration said the rules and regulations now prohibited the cities' media units from seeking or meeting clients for their own advertising business.

Domestic and foreign enterprises in the six cities who want to put ads in magazines and newspapers or on radio and television must use government-approved advertising agencies to deal with the media.

Officials with the administration said the trial in Guangdong Province was likely to pave the way for a similar programme nationwide.

"It aims to give a fair chance of competition to the country's advertising companies," said one who declined to be named.

At present, media units are monopolizing their own advertising trade, which is often handled by so-called circulation or advertising promotion departments, instead of by government-backed agencies.

The official said overseas enterprises, including foreign advertising companies, must also consult domestic agencies about any work they require.

The reason is simple, the official said, as competition heats up companies are advertising more and more.

If things are left to develop uncontrolled, there will be chaos, he added.

Domestic companies are also keen to use celebrities as the heavy artillery in the battle for a slice of the market.

Many film, television and sports stars are lighting up commercial breaks across China.

Chinese companies spent 13.4 billion yuan (\$1.56 billion) on advertising last year, an incredible 13.3 billion yuan (\$1.54 billion) more than 13 years ago.

The figures have rocketed as stronger competition forces enterprises to seek every means possible to make their brands stand out.

At the same time the government has come to realise the need to reinforce the management of the advertising market.

It is still in its infancy, and while the State sanctioned specific ad agencies, anyone could still set themselves up to sell space or air time around the country.

This potentially lucrative business has already attracted more than 310,000 people in terms of the employed workers around the country.

China has 31,000 advertising agencies—15,000 more than at the beginning of last year.

Unauthorized Asset Appraisals Not To Be Accepted

HK0503083094 Beijing CHINA DAILY in English 5 Mar 94 p 2

[By Fu Jian: "State Decries Dishonesty in Asset Appraisals"]

[Text] The Chinese Government will not acknowledge or protect unauthorized assessments of intangible assets.

The State Administration of State Property said some appraisals given by Chinese organizations last year without approval from authorities were dishonest and must not be accepted by the government or the public.

Such appraisals may be deceiving said Wang Baoku, Deputy Director of the Assets Appraisal Administrative Centre under the administration.

In any event, he added, appraisals of intangible assets have limited value since they need not be demonstrated before trading the enterprises' property rights.

Intangible assets may include trademarks, patents, copyrights and credibility. Their value depends on investors' confidence in the specific enterprises, market demand for the property rights, and other economic factors at the time of the transaction.

Wang said the assessments taken last year will become invalid one year after the authorities' approval,

according to the State's Regulations on State Property Appraisals, issued by the State Council in 1991.

While these appraisal results may help promote the enterprises, they also may mislead the public if the results do not correspond with the assets' real value.

For example, enterprises running in the red may use tricks to have their intangible assets appraised higher than their real value.

Such unauthorized activities must be prevented, or they may disturb the economic order and affect investors' benefits, Wang said.

Guangdong Submits Tax Exemption Proposals

HK0703065294 Hong Kong LIEN HO PAO in Chinese 7 Mar 94 p 1

[By Wang Man-na (3769 2581 1226) in Hong Kong: "Guangdong Suggests Exemption of Value-Added Tax on Real Estate for First-Time Developments or Those Signed Before 1 January This Year"]

[Text] Yuan Zheng, director of the Guangdong Provincial Land Administration, has told LIEN HO PAO that Guangdong Province recently submitted a proposal to the State Council which proposes that when there are concrete rules on the imposition of the value-added land tax, consideration should be given to interest rates, inflation, risks, and industrial policy, and that first-time development projects and real estate development projects whose contracts were signed before 1 January this year should be exempted from the tax. He believes that the central authorities will accept this proposal.

Yesterday, when interviewed by this reporter by long-distance telephone call, Yuan Zheng said that the Guangdong Provincial Land Administration recently submitted a proposal to the State Council, asking that when the central departments concerned formulate concrete rules for the imposition of value-added land taxes, consideration should be given to the following five factors: First, interest rates of credit funds, including those for investment, will continue to change; second, inflation will increase construction costs; third, there should be compensation for the risks that exist in long-term real estate investment; fourth, the state should encourage and support real estate development projects in some localities; and fifth, the recovery of taxes. Therefore, Guangdong is firmly opposed to the imposition of value-added land taxes on contracts being signed before 1 January 1994 if developments and investments specified by such contracts have not been started yet. Guangdong also hoped that taxes imposed on real estate contracts signed before the enforcement of the tax would be levied according to the provisions specified in the contracts.

He added: The imposition of value-added land taxes is aimed at restraining real estate speculation rather than

harming the interests of real property developers. However, after the central authorities announced the imposition of value-added land taxes on 1 January, some overseas investors who had planned to start real estate investment projects in Guangdong gave up their investment plans. In order to protect the interests of the real developers, the relevant departments in Guangdong proposed to the central authorities that first-time development projects should be exempt from value-added land tax and that it should only be imposed on second-hand transactions. At present, Shenzhen City exempts first-time development projects from value-added taxes; on the other hand, it imposes a 40 to 100 percent tax on profits earned on real estate transactions. Although Shenzhen's tax rates may be a bit too high, the practice is close to the taxation arrangements made by the central authorities.

Yuan Zheng said: At present, land administrative departments in many provinces are submitting proposals on the imposition of value-added land taxes to the State Council, and the contents of the proposals are basically similar to Guangdong's. The relevant department of the State Council is now studying various proposals from the provinces and foreign investors. It is believed that the central authorities will accept these proposals and will soon promulgate concrete rules on the implementation of the new tax regulations, because the imposition of value-added land taxes is not aimed at checking normal real estate development. However, Guangdong still hopes that greater decision-making powers will be given to the local government.

When talking about Guangdong's land development measures this year, Yuan Zheng said: This year, Guangdong Province will control the gross quantity of land development. The area of land approved for development will be reduced by 10 percent from last year's level, because too many development projects were approved in the last few years and it will take time for the market to digest the supply. In addition, the province will successively launch a lot of large-scale construction projects, which will need large areas of land in the future. Therefore, all cities in Guangdong will reduce the quantity of land approved for development this year.

This year, Guangdong will also exercise taxation management over real estate transactions and conduct property rights registration more effectively. The province is now revising its regulations on land transfers. At the same time, collective land management in rural areas will also be strengthened. Relevant measures in this regard are also being drafted, and the contents include the scope of management and compensation standards for land requisitions. It is expected that the regulations will be submitted to this year's provincial people's congress session for deliberation and adoption.

In addition, this year, Guangdong Province will also further strengthen land management in all localities. The

provincial land administration will announce the invalidity of some land-use approvals made by local governments without authorization or in violation of established rules and will investigate and affix responsibility for such events. If it is found that any local government approved too much development of too much land, the provincial land administration will deduct their land-use quotas next year.

Yuan Zheng said that in the aspect of land development, Guangdong will stress the development of Zhuhai's western district, Yangjiang's Hailin Island, Huizhou's Daya Bay, and other new cities. In order to encourage foreign companies to invest, Guangdong will continue to provide favorable taxation terms and will not impose restrictions on property sales outside the mainland.

XINHUA Views Steps To Change Operating Mechanism

OW0503163394 Beijing XINHUA Domestic Service in Chinese 2103 GMT 15 Feb 94

[Article by unidentified XINHUA special correspondent: "The Number '10,000' Undergirds the Effort To Transform Operating Mechanisms and Establish a Modern Enterprise System"]

[Text] To implement the principle of combining package reform with breakthroughs in key areas as set forth in the "Decision" of the Third Plenary Session of the 14th CPC Central Committee, a national economic and trade work conference last year put forward the plan for "transforming the operating mechanisms of or establishing a modern enterprise system in 10,000 large and medium state enterprises, 1,000 key enterprises, 100 different types of large and medium state enterprises, and enterprises in 10 cities or prefectures." The practice of transforming operating mechanisms or establishing a modern enterprise system encapsulates the second section of the "Decision" of the Third Plenary Session of the 14th CPC Central Committee: We should advance enterprise-related work and enterprise reform on all fronts, and all state enterprises should effectively implement the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises" and the soon-to-be-promulgated "Regulations on the Supervision and Management of Property in State-Owned Enterprises," focus on changing their operating mechanisms, and create conditions and lay the groundwork for establishing a modern enterprise system. The numbers "10,000, 1,000, 100, and 10" give concrete expression to achieving breakthroughs in key areas in the current enterprise reform. This means achieving breakthroughs in key areas to promote overall reform through the pioneering role of some enterprises and through supplementary reform in some cities. The number "10,000" undergirds this effort.

The number "10,000" means fully granting approximately 10,000 state enterprises the 14 types of operational rights which enterprises are supposed to enjoy

according to the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises." It also means making great efforts to realize the transformation of operating mechanisms, effectively implementing the "two sets of rules," and completing the appraisal of fixed assets and working capital, so as to lay a solid foundation for establishing a modern enterprise system and for advancing toward the market. This is completely consistent with the goal set by the State Council of increasing the proportion of well-run large and medium state enterprises from one-third to two-thirds by the end of the "Eighth Five-Year Plan."

In implementing the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises," we should mainly carry out four tasks: 1) Promulgating and implementing supplementary rules and regulations; 2) continuing to intensify publicity efforts, investigating and dealing with cases in which the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises" are violated and retaliatory action is taken against enterprises, and exposing those cases in the news media or even investigating legal responsibilities; 3) continuing to promote the transformation of governmental functions, granting enterprises operational rights, and accelerating the reform of government bodies; and 4) encouraging enterprises to turn inward, combine their operational rights and responsibilities, and use the rights at their disposal to transform their operating mechanisms. To carry out these tasks, we should focus on granting enterprises the right to independently conduct export trade and to refuse to share financial charges, improve procedures for examining and approving applications for permission to independently conduct export and import trade through simplified formalities and greater efficiency. We should allow enterprises, which have been granted the right to independently conduct the export and import trade, to enjoy the same power as foreign trade enterprises in terms of export licenses and quotas. We should consider the effort to halt the practice of collecting unwarranted fees an important aspect of the anticorruption struggle. All localities and businesses should formulate specific measures in light of their actual conditions to halt the practice, publish those measures, and allow enterprises to oversee the implementation of those measures. We should make active efforts to create conditions, and guide and assist enterprises in instituting self-control mechanisms so they will operate in accordance with the law and assume responsibility for their own profits and losses and for preserving and increasing the value of state assets. This year, all localities and departments should uncover and nurture a number of exemplary enterprises which have successfully changed their operating mechanisms, and which are well-managed and efficient, and they should sum up and promote the advanced experiences of these enterprises. In implementing the "two sets of rules," we also should primarily carry out four tasks: 1) Further tracking, ascertaining, and correctly understanding the situation, and promoting the implementation of the "two sets of rules"

and the Finance Ministry's "Circular on the Question of Harmonizing Policies on Implementing the New Enterprise Financial System"; 2) Aligning the "two sets of rules" with the "Interim Regulations on Enterprise Income Tax" and other new tax codes, and promptly addressing the common problems of enterprises in implementing the new tax system; 3) Continuing to perfect the enterprise financial and accounting system in accordance with the demands of the "Company Law" and the new tax system; and 4) Actively searching for a management accounting system with Chinese characteristics that meets the demands of a modern enterprise system.

Enterprises should perfect their cost accounting system, enhance their capacity for continued development, and ensure that the value of state assets is preserved and increased. Backbone state enterprises which can cope with the situation may quicken the pace of depreciation after obtaining approval to do so. To the extent permitted by state policies, state enterprises may raise money through various channels to supplement their capital, and wholly state-owned enterprises, which have been around for a long time and which will be exempt from delivering their after-tax profits to the state in the near future, may increase their common reserve funds and public welfare funds with the surplus money in accordance with the "two sets of rules."

During this year's appraisal of fixed assets and working capital, we should bring 10,000 large and medium state enterprises within the scope of our appraisal, and these include pilot enterprises that will implement the system of appointed supervisory boards and the modern enterprise system, all state enterprises in the 10 cities designated for experimenting with the practice of "optimizing the capital structure and invigorating enterprises," and two-thirds of large and medium enterprises in all localities whose fixed assets and working capital have not been appraised. We should take care to coordinate efforts and solve problems in the course of implementation to ensure that the task of appraising fixed assets and working capital is completed with good qualitative and quantitative results. Along with the transformation of governmental functions, we should improve our work in appraising fixed assets and working capital and give full rein to the roles of certified public accountants, registered auditors, and other intermediary agencies in society.

The plan for "transforming the operating mechanisms of or establishing a modern enterprise system in 10,000 large and medium state enterprises, 1,000 key enterprises, 100 different types of large and medium state enterprises, and enterprises in 10 cities or prefectures" is a new concept for improving large and medium state enterprises in the new situation. We should seriously study and publicize the "Decision" of the Third Plenary Session of the 14th CPC Central Committee and the "Company Law," and increase our understanding of the importance, urgency, and arduousness of changing the

operating mechanisms of state enterprises and of establishing a modern enterprise system. The principal leaders of economic and trade commissions in all localities should concentrate on undertaking meticulous efforts, organizationally and in terms of leadership; they should devote painstaking and major efforts to tracking the way the "two sets of rules" are implemented in 10,000 large and medium state enterprises so as to make substantial progress this year.

'Sources' Preview New Auto Industry Policies

HK0603080694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6-12 Mar 94 p 1

[By Chang Weimin: "Government Drafting New Policies for Auto Industry"]

[Text] The long-awaited new policies that are to govern the automotive industry for the next seven years are likely to be announced this month, according to sources in various channels.

The sources said government departments involved in drawing up the new policies are still busy applying the finishing touches.

Auto makers and would-be investors at home and overseas are nursing high expectations in the belief that the policies would bring major changes not only to the industry but to the national economy as well.

Two years ago, the central government decided that the automotive industry should be developed into an economic pillar.

Since then the industry and government departments have been busy drafting specific measures for rapid growth over a seven-year period.

Industry officials say that the new policies will direct financing to large manufacturing plants while letting unproductive ones go bankrupt.

More than 120 independently operated plants now assemble motor vehicles in China.

The sources would not elaborate on the impending policies because they have not yet been completed.

Different government departments have brought different ideas to the table and discussions are continuing, said an official from the Ministry of Machinery Industry, which oversees car manufacturing.

The official, who did not want to be publicly identified, did not say if there is a deadline for finishing the new policies.

Many people had expected the policies to be announced by the end of last year. Observers said the delay may indicate major differences of opinion.

Senior government officials recently sketched out the outlines of the new policies when they reiterated the principles for developing the industry. Among the key points are that:

—The government will not authorize new manufacturing projects because too many plants now assemble small numbers of low-quality vehicles.

A senior official with the State Planning Commission has said that under the new policies, the government will let inefficient enterprises wither in the face of competition.

—Government support is to be concentrated on large manufacturing plants such as the No 1 Automobile Works in Changchun, Jilin Province; a joint venture in Wuhan between the Dongfeng Group and the French car maker Peugeot SA; and Shanghai Volkswagen, a joint venture.

The three auto makers now make the German-designed Audi 100, Jetta and Santana models and the French-developed Citroen ZX sedan.

As for other auto plants run by the aerospace and weaponry industries and other sectors that previously had focused on defence work, their development should follow a step-by-step approach, the official noted.

—The government will not approve new projects that assemble motor vehicles with imported CKD (complete knock down) components.

That means State support will go to existing auto makers that develop new cars by themselves or co-operatively with foreign designers.

—The State must have a dominant position in the highly lucrative automotive industry.

Last year, 1.3 million motor vehicles were produced, compared with 1.08 million in 1992. Sales in 1993 were 115 billion yuan (\$13.22 billion), a big rise from 1992.

—Finally, auto makers should develop and manufacture small cars that ordinary Chinese can afford.

The average urban worker in China earns about 400 yuan (\$46) a month while monthly income in rural areas stands at 77.5 yuan (\$9).

The country has 1.17 billion people but only 8.3 million motor vehicles. About 1 million of all the cars and trucks in use are sedans, of which only a small proportion are owned by ordinary people. But as the economy continues to grow and personal income continues to rise, more people will be able to afford a car.

In fact, surveys indicate that a growing number of ordinary people plan to buy a car in the near future.

In Beijing, the number of driving schools has increased to 200. Just a few years ago there were only 10.

Surveys show that tens of thousands of people are being trained at the schools. Not surprisingly, though, as demand rises so have the fees charged by the schools.

Most Santana Car Parts Domestically Produced

OW0503153894 Beijing XINHUA in English 1516
GMT 5 Mar 94

[Text] Shanghai, March 5 (XINHUA)—The Santana sedan, German designed model, has 82.26 percent of its parts made in China, a conference held here yesterday was told.

Experts said that the Santana, built by the Shanghai Volkswagen Automotive Company Ltd, has become the only Chinese-made car of a foreign-designed model, for the proportion of China-made parts now exceeds 80 percent.

The customs department has decreased tariffs by a big margin on the car's small amount of imported parts, in order to encourage its mass production.

To double the annual capacity from 100,000 sedans to 200,000, Shanghai is to inject 2.4 billion yuan into the second-phase project which aims to improve its production facilities.

The city has also speeded up the development of the car's new models. A new-look Santana is expected to make its debut this autumn.

So far, nearly 200 factories and enterprises have produced parts for the cars.

Trade Fairs Develop Into 'Main Sector' of Economy

HK0703052094 Beijing RENMIN RIBAO in Chinese
19 Feb 94 p 2

["Review and Prospects" column by Wei Li (7279 3680): "Trade Fairs: From Being a Supplement To Being a Main Sector"]

[Text] Fifteen years ago, trade fairs, the "capitalist tail" barred from development for many years, emerged as the times required.

In 1978, trade fairs throughout the country rose from zero to 33,000, and the annual turnover was 12.5 billion yuan, which amounted to 5.4 percent of total retail sales that year. They merely played a supplementary role in commodity circulation.

In the following 15 years, trade fairs in China made amazing progress. By the end of 1993, there were a total of 83,001 trade fairs, which was an increase of 150 percent over 1978, and the annual turnover reached 534.3 billion yuan, which was an increase of 410 percent over 1978. The annual turnover accounted for 28.03 percent of the total volume of retail sales, which was an increase of 22.63 percent over 1978. Regarding the investment of market construction, it rose from zero in 1978 to 21.7 billion yuan in 1993.

The development of trade fairs solved urban and town residents' "shopping basket" problem, which could not be overcome for many years. By the end of 1993, the volume of vegetable business in trade fairs amounted to 850 percent of that of state-run businesses, the volume of dried and fresh vegetable business amounted to 740 percent, and the volume of meat, poultry, and egg business amounted to 330 percent. Trade fairs have become a shopping place which we cannot do without, even for a moment. The development of trade fairs has even promoted the development of rural economy, settled a large number of surplus laborers, brought in more state revenue, and given an impetus to the building of cities and towns. Trade fairs have become an important channel for commodity circulation.

With the participation of state-owned enterprises and collective enterprises, trade fairs in China in the 1990's are no longer those of a traditional sense, but they are the "grand arena" of joint competition between state-owned, collective, private enterprises, and individual businessmen in cities and towns. Today, trade fairs in China are no longer confined to a supplementary role in supplying daily necessities for cities and towns, but they are a large market made up of multiple parts, including consumer goods, industrial products, means of production, and factors of production. According to statistics, there are now a total of 4,700 markets of means of production and over 1,700 markets of factors of production throughout the country.

'Mixed Reaction' Over PRC Plan For Special Investment Areas

OW0503083394 Taipei CNA in English 0749 GMT 5 Mar 94

[By Y. C. Tsai]

[Text] Taipei, March 5 (CNA)—Reports that Beijing is planning to establish special investment areas along the coast of Mainland China exclusively for Taiwan investors have drawn mixed reactions here.

Vice Economic Affairs Minister Chang Shih-chien said Saturday [5 March] that the government hopes the project is a success, but he expressed his doubts that the project would be completed given the current economic capability of Mainland China.

Yang stressed that the Taipei Government's policy toward the mainland will not be affected by any moves Beijing will take, saying trade ties across the Taiwan Strait are currently regulated by the National Unification Guidelines and the statutes governing relations between peoples of the Taiwan area and the mainland area.

Under both laws, Taiwan investors are currently prohibited from making direct investments in Mainland China. Unofficial statistics, however, show that Taiwan investors have channeled more than US\$10 billion into the mainland.

Richard Wu, president of the Council for Industrial and Commercial Development, hailed the Beijing proposal as a goodwill response to increasing mainland investments by Taiwan manufacturers.

The establishment of such investment areas should help win tax incentives for Taiwan investors, Wu noted.

Huang Nan-tu, president of the Wei Chuan Group, warned domestic manufacturers to beware of any hidden political intentions, but also admitted that the proposed investment zones would benefit Taiwan investors.

The planned special investment areas are expected to have better factory infrastructure than the mainland's existing plants, many of which lack peripheral facilities including power supplies and means of transportation, Huang said.

Domestic investors, however, should take into account their different needs and make cautious assessments before deciding to enter into the special investment areas, he pointed out.

Moreover, he stressed, Taiwan investors must pay attention to Beijing's political intentions in such an initiative.

The Hong Kong-based WEN WEI PO on Friday cited Beijing sources as reporting that the mainland will give the green light in the near future to the establishment of several Taiwan traders' investment areas on the mainland's coastal region in a new bid to attract more investments from Taiwan.

The sources said the plan is consistent with calls by paramount leader Deng Xiaoping to boost Cross-Strait trade exchanges and help curb calls for Taiwan independence, the newspaper reported.

Results of Discussion on U.S. Trade Ties

OW0503081994 Taipei CNA in English 0741 GMT 5 Mar 94

[By Benjamin Yeh]

[Text] Taipei, March 5 (CNA)—As the US continues to push Taiwan for increased protection of intellectual property rights (IPR) and more open markets, Taiwan residents are growing more ambivalent about their long-standing ally and largest trading partner outside Asia.

The growing ambivalence was evident during a Saturday [5 March] panel discussion on the past and future of US-Taiwan trade ties sponsored by the CENTRAL NEWS AGENCY.

"The US has played a key role in the Republic of China [ROC]'s fast economic development over the past four decades," Schive Chi, vice chairman of the Council for Economic Planning and Development, said at the discussion.

"Without the American technology and capital badly needed by Taiwan, I don't think the development in the 1960's would have been so successful," Schive said. As a result of that help, Taiwan was the United States' sixth largest trade partner in 1993.

However, mounting trade resulted in increased tensions, fueled by US calls to open certain protected sectors of Taiwan's market.

"No country in the world has the right to impose a reform timetable on other countries," legislator Hsu Tien-tsai of the Democratic Progressive Party said, explaining why Taiwan residents have reacted strongly against the US push for open markets and IPR protection.

Deborah Schwartz, director of the economic section of the American Institute in Taiwan, defended the US reform push, saying there is nothing negative about the high-profile position taken by the US during the recent trade and intellectual property rights talks.

The talks and threats of sanctions are not intended to serve as a weapon, but to help Taiwan open its market and develop a mature economy.

"Taiwan's economy developed largely as a result of open markets in the US," she explained.

"The goal of (sanctions) is to give US products the same access to Taiwan's market as Taiwan products have in the US," she added.

Schwartz added that market opening and intellectual property rights protection were "win-win" situations. She pointed out that at least six new computer software firms opened in Taiwan after the Copyright Protection Law was enacted.

All participants agreed that increasing Taiwan investment in Mainland China would not affect US-Taiwan trade, and Schwartz, Chi, and Hsu all predicted continued good bilateral trade relations.

The forum, chaired by Joseph Li, vice president of the Chung-hua Institute for Economic Research, was also attended by Sam S.M. Li, deputy secretary-general of the China External Trade Development Council.

Hong Kong

Revocation of MFN Status 'To Have Direct Adverse Effect'

OW0703115694 Beijing XINHUA in English 1120 GMT 7 Mar 94

[Text] Hong Kong, March 7 (XINHUA)—Hong Kong estimated that it might lose up to 187 billion H.K. dollars (24 billion U.S. dollars) in overall trade, 26 billion H.K. dollars (3.3 billion U.S. dollars) in income and 75,000 in jobs if China's most favored nation [MFN] trading status were withdrawn.

The local government's latest assessment of the impact on Hong Kong's economy if China were to lose its MFN trading status in the United States was announced at a press conference held by the Trade Department here this afternoon.

Christopher Jackson, deputy director of the Trade Department, said that the removal of China's MFN trading status by the United States would have direct adverse effect on Hong Kong's re-exports of the Chinese Mainland origin to the United States.

"A reduction of up to 77 billion H.K. dollars (one billion U.S. dollars) worth of re-exports is double the impact that we estimated in 1990," said Jackson, adding that this is largely a result of the rapid growth in Hong Kong's re-export of goods made in the mainland to the United States over the past few years.

The withdrawal would also have significant adverse effect on manufacturing investment ventures and other production arrangements by Hong Kong and foreign companies in the Chinese Mainland, said Jackson.

According to Jackson, the local government has stepped its lobbying activities in Washington as President Clinton is required by the U.S. law to indicate by June 3 whether he intends to renew China's MFN status for another year.

"We have reinforced our lobbying team and are working with American business allies to impress upon members of the administration and Congress the damage which MFN withdrawal would do to Hong Kong and to American interests in this region," he said.

U.S. Withdrawal of MFN To Cost Trade, Income, Jobs

HK0703105994 Hong Kong AFP in English 1035 GMT 7 Mar 94

[Text] Hong Kong, March 7 (AFP)—Hong Kong may lose between 133 to 187 billion Hong Kong dollars (17 to 24 billion US) in trade if the United States withdraws China's most-favoured-nation (MFN) trading status, the government warned Monday. Hong Kong, China's main gateway for international trade, would also lose between 19 to 26 billion Hong Kong dollars (2.4 to 3.3 billion US)

in income, while 54,000 to 75,000 people would lose their jobs, the trade department said in its latest assessment. "A reduction of up to 77 billion Hong Kong dollars (9.87 billion US) worth of re-export is double the impact that we estimated in 1990," Christopher Jackson, deputy director-general of trade, said. "This is largely the result of the very rapid growth in Hong Kong's re-export of China-made goods to the United States over the past few years," he said.

US President Bill Clinton has demanded improvements in China's record on human rights, trade and arms sales, before renewing its MFN status for another year. Renewal falls due in June. Since Friday, China has detained eight dissidents in defiance of US warnings that improvements in its human rights record are a precondition to MFN renewal. The issue is likely to top the agenda when US Secretary of State Warren Christopher visits Beijing on Friday.

The withdrawal of China's MFN status would also have a significant adverse effect on manufacturing investment ventures and other production projects by Hong Kong and foreign companies in China, Jackson said. "We have to step up our lobbying activities in Washington," said Jackson in order to impress upon members of the US administration and Congress the damage which MFN withdrawal would do to Hong Kong and to American interests in the region.

Lu Ping, Zhou Nan Discuss Hong Kong Affairs With Advisers

OW0703102594 Beijing XINHUA Domestic Service in Chinese 1215 GMT 3 Mar 94

[Text] Shenzhen, 3 Mar (XINHUA)—Hong Kong's current political and economic situation, its democracy, and many important post-transition affairs are issues under constant consideration by Hong Kong affairs advisers. They freely expressed their views at a forum held by the State Council's Hong Kong and Macao Affairs Office [SCHKMAO] and the XINHUA NEWS AGENCY's Hong Kong Branch [XNAHKB] in the past couple of days, thereby demonstrating a great sense of responsibility befitting those who are the masters of their own affairs.

The forum for Hong Kong affairs advisers was held in Shenzhen from 2 to 3 March. SCHKMAO Director Lu Ping and XNAHKB Director Zhou Nan presided over the forum and listened to advisers' views. During the forum, the advisers pointed out: Britain's "White Paper" announced recently and its various unilateral sabotages of the talks revealed the deceptive nature of "cooperation with China"—a phrase that it has kept on repeating. The negative example set by Britain which may serve as a lesson has made more and more Hong Kong people realize the truth and become disillusioned. We must specially watch out for various "actions" on the part of the Hong Kong British authorities, such as making trouble in the economic and banking sectors, before they pull out. Analyzing the series of moves taken by the

Hong Kong British authorities in recent years, some advisers believed that Britain's sabotage of Sino-British talks and Hong Kong's smooth transition was planned beforehand for the purpose of leaving a "hot potato" for the special administrative regional government in the future. In this connection, China should make proper preparations to meet various emergencies.

The issues of government functionaries' and people's livelihood in Hong Kong also caught the attention of advisers. During the forum, they discussed how to solve the housing, transportation, and public security problems facing ordinary citizens and how to guarantee the support for the aged after they have retired; they made many constructive suggestions.

The advisers said: There are only a little more than three years left before China regains its sovereignty over Hong Kong in 1997. As China and Britain fail to reach an agreement, preparatory work for the special administrative regional government should be accelerated. In this regard, the tasks of the Preliminary Working Committee are particularly important. The arduous tasks should be jointly undertaken by all patriotic Hong Kong people who love Hong Kong with the attitude of those who are the masters of their own affairs. The Hong Kong affairs advisers will also make efforts, communicate with the broad masses of citizens, and make contributions to Hong Kong's smooth transition and to its long-term prosperity and stability.

In their speeches, relevant persons in charge of the SCHKMAO and XNAHKB who attended the meeting said: The rule of Hong Kong by Hong Kong people after "97" is possible only with the participation of the Hong Kong people before "97." The advisers' views and suggestions are a concrete embodiment of the active participation by the Hong Kong people; they play a role in promoting the post-transition work and, meanwhile, reflect the prospect of "the rule of Hong Kong by Hong Kong people" as well as the confidence that Hong Kong and Macao compatriots have in marching toward 1997.

SCHKMAO Deputy Director Chen Ziyang and XNAHKB Deputy Director Qin Wenjun attended the forum.

Lu Ping Promises Not To 'Meddle' in Hong Kong Affairs

HK0503060894 Hong Kong SOUTH CHINA MORNING POST in English 5 Mar 94 pp 1, 5

[Report by So Lai-fun in Shenzhen and Linda Choy]

[Text] China would not meddle in the administration of Hong Kong after 1997 and would immediately put to a stop to any interference that was occurring now, the Chinese leader in charge of Hong Kong affairs promised yesterday. "Some district officials and even high-up central government officials have been sticking their hands into Hong Kong," Lu Ping, the Director of the Hong Kong and Macao Affairs Office, said in Shenzhen.

"No department or district will be permitted to meddle in or interfere with Hong Kong's business or affairs," he told an approving audience of rotarians at a club luncheon.

"The prevention of this sort of thing happening starts now." He said Hong Kong people could expect to see officers of the People's Liberation Army in the territory but he pledged that Beijing would not station members of the People's Armed Police in the territory.

China would adhere to the principle of "one country, two systems" and the provisions of the Sino-British Joint Declaration and Basic Law to maintain the status quo after the change of sovereignty. He said Hong Kong should remain a business centre and should serve as a "golden bridge" between the two different economies. It should never be turned into a "political bridge" through which someone could penetrate and alter the mainland's socialist system.

"Anybody who wanted to transform the two systems into one was only daydreaming," he said. "Hong Kong people should prevent this golden bridge from breaking down."

"And the Hong Kong and Macao Affairs Office would bear the responsibility of promoting the Basic Law on the mainland so that all departments observe the Basic Law in dealing with matters relating to Hong Kong."

Mr Lu conceded during his 40-minute speech that some mainland officials had expressed views that were contrary to the Basic Law and this was a problem raised by some Hong Kong affairs advisers earlier in the week. But he reiterated the importance of the principle of Hong Kong people ruling Hong Kong and said the formation of the Preliminary Working Committee had provided the starting point in this direction. More Hong Kong people could take part in preparatory work for the Special Administrative Region (SAR) government and it would lead to a solid foundation for the future administration, he said.

His remarks were made just hours before China launched another advisory body in Hong Kong, incorporating 274 community leaders from a wide political spectrum into a group to be called district affairs advisers. There were some small "I" liberals among the appointees, but there were still no members associated with the United Democrats (UDHK), a group labelled by mainland officials as "subversive".

The third tier of advisers, after the Hong Kong Affairs Advisers and the Preliminary Working Committee, taps the Hong Kong Government's existing system of advice and representation. There are 20 municipal councillors, one legislator and 108 district board members—12 of them being board chairmen. Other are kaifong association representatives, academics and businessmen.

In an apparent bid to address criticism that China was unwilling to hear sharply dissenting views, the new list of

advisers includes a few moderate democrats. Meeting Point has been given two seats, while the Association for Democracy and People's Livelihood (ADPL) got four. The pro-China Democratic Alliance for the Betterment of Hong Kong will provide 43 advisers.

Speaking at the launching ceremony at the China Resources Building in Wanchai, XINHUA (the New China News Agency) director Zhou Nan asked the advisers to make use of their "wisdom and their influence" in society to work for a smooth transition. Although there were people who tried to create obstacles to the return of Hong Kong to its motherland, the Chinese people would not bow to it, Mr Zhou said. "We will stand firm together with the patriots in the recovery of Hong Kong's sovereignty, following the (principles of) 'one country two systems' and 'Hong Kong people ruling Hong Kong people' set out in the Basic Law," he said.

In a brief outline of the advisers' duties, Mr Zhou said they should be able to reflect the views of the Hong Kong people and promote the Basic Law, the mini-constitution for the SAR. Mr Zhou also called on the advisers to encourage the public to participate in all sorts of social affairs, but he did not go into detail. They should also offer their opinions and suggestions on important issues related to the sovereignty changeover, he said.

Mr Zhou did not say whether advisers would be consulted on district affairs, their area of expertise. Quoting the words of the paramount Chinese leader Deng Xiaoping, Mr Zhou said it was important for "those who love China and Hong Kong to participate actively in all sorts of social and political affairs of Hong Kong."

UDHK vice-chairman Yeung Sum yesterday criticised the new body as merely a "united front tactic" by the Chinese Government to isolate the party. Mr Yeung said he was not surprised nor disappointed to find all party members excluded from the new organisation. "We are not their target for a united front because some of our members supported the pro-democracy movement in 1989," he said. "But the Chinese side should think about whether they should isolate us in the long run if they really want to listen to the voice of people in Hong Kong."

But appointee ADPL vice-chairman Leung Kwong-cheong, defended the role of the advisers, saying that it was important to strengthen communication with China. Asked if this could split the territory's pro-democracy camp, Mr Leung said: "No one could split us but ourselves. It is important that other pro-democracy groups do not criticise us (for becoming advisers) all the time."

"If they noticed anything wrong with our performance, say we did not convey a certain kind of opinion, they are welcome to give us constructive advice," he said.

Lu Ping Urges Maintaining Hong Kong's Economic Success

HK0503075894 Hong Kong WEN WEI PO in Chinese
5 Mar 94 p A12

[Report by staff reporter Su Hung-ju (5685 7703 0320): "Lu Ping Says To Maintain Hong Kong's Prosperity, It Is Most Important To Preserve Its Economic Value"]

[Text] Shenzhen, 4 Mar (WEN WEI PO)—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, today made a speech at the 34th annual meeting of the Rotary Club of the Hong Kong and Macao regions; he said that, to maintain Hong Kong's prosperity and stability, the most important thing to do is to maintain Hong Kong's economic value, and this is the most basic point. The Preliminary Work Committee has now been established, and its purpose is to enable the Hong Kong people to participate in the preparatory work for the Special Administration Region [SAR] during the transition period, to lay a good foundation for the future SAR government and create conditions for a high degree of autonomy and for Hong Kong people to run Hong Kong. He pointed out that this duty is very difficult.

Lu Ping said in his speech that the economic development, reform, and opening up on the mainland has promoted Hong Kong's prosperity and stability; conversely, Hong Kong's prosperity and stability have also supported the economic construction of the motherland. As 1997 draws closer, these kinds of ties will become closer; this trend is in accordance with the interests of both places as well as with the common wish of the people of the two places.

Lu Ping went on to say that these kinds of relations will be developed on the premise of "one country, two systems." Although the two places will be reunited as one family in the future, Hong Kong will continue to practice capitalism, while the mainland will keep practicing socialism. On 1 July 1997, the Hong Kong people will find that Hong Kong remains the same except that the red five-star flag and the bauhinia [flower that is the emblem of Hong Kong] flag will flutter outside their windows; as for civil servants, all of them will go to work as usual on that day, except for a few major officials who must be nominated by the chief executive and appointed by the central people's government.

Lu Ping pointed out that this is not a dream and expressed his firm belief that each element of this vision will come true on 1 July 1997. The Hong Kong and Macao Affairs Office's primary duty is to enable all of this to come true, and it is also the goal of everyone's struggle.

Lu Ping said that, in order to maintain Hong Kong's prosperity and stability, the most important thing to do is to maintain Hong Kong's economic value. Hong Kong brings benefits to the country with its economic value, not its political value. He pointed out that a series of

policies and principles formulated by the central government has also proceeded from this point and added that one of the important factors contributing to Hong Kong's success is its status as an economic city—not as a so-called political city, which it never was.

Lu Ping also said that 99 percent of the Hong Kong compatriots are patriotic and hope to get along well with the mainland and do not want to see confrontation. This is the reason why the Chinese side firmly believes that "one country, two systems" will surely succeed in Hong Kong, that the Basic Law will surely be implemented, and that Hong Kong can maintain its prosperity and stability in 1997.

Lu Ping explained that, in the past when Deng Xiaoping proposed "one country, two systems" to solve the Hong Kong question, he wanted to maintain Hong Kong's original appearance in every area, to enable it to become a bridge linking the economy of the East to the economy of the West. This is a superiority for Hong Kong which the other three small dragons do not have. The Chinese side has no intention of imposing the mainland's system on Hong Kong; nor does it seek to influence Hong Kong. That type of behavior would not be consistent with "one country, two systems."

Lu Ping pointed out that allowing Hong Kong's capitalist system to remain unchanged, allowing Hong Kong people to run Hong Kong, and allowing Hong Kong to have a high degree of autonomy was not an outcome of the Sino-British talks, for it had been decided long before the Sino-British talks started and had been written into the Joint Declaration and its annex as a statement by the Chinese Government. After 1997, the central government will only be responsible for Hong Kong's foreign affairs and defense, and other matters will be handled by the SAR itself.

Lu Ping pointed out that, by establishing the Preliminary Work Committee at this time, the Chinese side has primarily sought to embody participation by the Hong Kong people, to enable the Hong Kong people to take part in the preparatory work for the SAR, to lay a good foundation for the future SAR government together and give it a good starting point, and to create conditions for a high degree of autonomy and for Hong Kong people to run Hong Kong. By so doing, what the Hong Kong people will receive on 1 July 1997 will be an SAR which is economically prosperous, financially overflowing, socially stable, and all set and orderly in every aspect.

Lu Ping admitted that this is a difficult duty, but he and his colleagues will view it as a sacred mission entrusted to them by 1.1 billion people and will contribute their own efforts.

Lu Ping Affirms Goal of Fully, Directly Elected Government

HK0503080694 Hong Kong *EASTERN EXPRESS* in English 5 Mar 94 p 1

[By political editor Chip Tsao]

[Text] China's top official in Hong Kong said last night the mainland's ultimate aim was a fully and directly elected Hong Kong Special Administrative Region government 16 years after 1997. He said the intention was to make the fourth legislature directly elected. Lu Ping, the director of the Hong Kong and Macao Affairs Office, said the aim was part of China's drive to implement the principle of "Hong Kong people ruling Hong Kong".

Speaking in Shenzhen, Lu said: "It is also our ultimate aim that the chief executive of the SAR government will eventually be returned by 'one-person, one-vote'." China has already appointed 274 Hong Kong people to serve as its first group of advisers on the running of Hong Kong's nine district or municipal boards. Lu tried to calm fears that Beijing would not approve a directly elected legislature, saying that the universal franchise in Hong Kong would only need "registering" with China's National People's Congress.

Addressing Rotary International's 34th district conference, Lu gave reassurances that Hong Kong would have autonomy in its own affairs 16 years after 1997—with the exception of defence and foreign affairs, which would be the responsibilities of China's central government. Lu said the Chinese leadership had repeatedly pointed out that no department in the central government or any province would be allowed to interfere in Hong Kong's affairs.

He said issues like the construction of the new airport would become "domestic affairs." "All this is stated in the Basic Law," he said. Lu said it was his job at the Hong Kong and Macao Office to promote the Basic Law in and outside Hong Kong, making sure that all Chinese officials stick to Hong Kong's future mini-constitution.

Hong Kong was a "golden bridge" for China to establish links with the West, he said. "China needs a place which practises capitalism to act as a bridge to establish economic links with the west," he said. But he warned against trying to turn Hong Kong into a "political bridge" to change the socialist system in China.

PWC Member Outlines Current Thinking on Right of Abode

HK0603073794 Hong Kong *SOUTH CHINA SUNDAY MORNING POST* in English 6 Mar 94 p 14

[Article from the "Agenda" page by David Chu, Preliminary Working Committee member and PRC adviser: "Revised Laws Imminent But Not Draconian"]

[Text] Freedom of movement has played a vital role in Hong Kong's success. I believe it must be preserved and indeed enhanced in the future. To foster an open Hong Kong, the future regulations on permanent residency should be moderate and inclusive rather than harsh and exclusive.

The Basic Law was written in this spirit. As an illustration, it states quite clearly that anyone living in Hong

Kong who has no right of abode elsewhere can become a permanent resident of the Special Administrative Region (SAR). In theory, if any Hong Kong resident—regardless of race or former nationality—wants to become a permanent resident, all he has to do is give up his right of abode elsewhere before 1997. He will not even need to pledge allegiance or go through a ceremony or any such rigmarole, which is customary in most, if not all, countries.

As a member of the panel on security and welfare of the Preliminary Working Committee (PWC), I am working on various recommendations regarding the granting of permanent residency to returning former residents with new foreign passports, foreign nationals who are currently living and working in Hong Kong and future newcomers. Some of the tentative thinking of the panel is outlined below and more consultation is required before these recommendations are formalised and submitted to the 1996 Preparatory Committee.

For returning former Hong Kong residents with foreign passports, their residency in the territory before acquiring their new passports can be used to fulfil the seven-year residency requirement in the Basic Law.

Foreign residents having completed the seven-year residency requirement need only fill in a form (no supporting material required) and meet some objective conditions to support their claim that they intend to stay in Hong Kong. These conditions relate to ownership of property, job or business investments, the presence of family in Hong Kong and time spent in the territory. No proof that these conditions have been met is required. This welcoming attitude is in stark contrast to the British 1981 Nationality Act, which stripped Hong Kong people of the right of abode in the United Kingdom.

The British Government is advising China that it is in China's interest to keep Hong Kong open to all. Although China is likely to go down this line, I would certainly question the sincerity of the British advice. There has been some grumbling that China's nationality criteria are racially based or biased. This is an emotive oversimplification. While China confers citizenship on its people—who may be Han, Xi Yuan, Korean, Manchu, Tibetan Mongolian or other ethnic stock—it is not acting in any way out of the ordinary. For example, the German constitution accords instant residency and citizenship to anyone of German descent, whether or not that individual speaks the language and even if his family has been living abroad for generations. A Turk born in Germany is not so privileged.

The United Kingdom has granted citizenship to white South Africans with tenuous blood links to Britain, but its attitude towards the Hong Kong Chinese, however, is quite different. Japan also welcomes home its prodigals, including those of its nationals born or left behind in China after World War II, but it is rather meaner towards ethnic Koreans, some of whom have been harshly treated for generations.

I believe that Hong Kong should be open and truly international. Only then can we attract experts and investors—be they American, Japanese, Singaporean, German, French or British—to live, work and compete, and who will complement the ethnic Chinese on terms of equality not quite possible while Hong Kong is a colony of the United Kingdom. I am sure the British would welcome the new competition in the spirit of "openness" and "fairness".

Whatever wrongs have been inflicted on China by foreign powers, and even though Hong Kong is a reminder of its past humiliations, China has nevertheless accepted the special circumstances of this diverse city and the qualities that make it unique. The PWC is entrusted with giving thorough advice to the Chinese Government to preserve the extraordinary qualities of Hong Kong.

I personally invite people, whatever their nationality and race, to take heart and to take part in the SAR. That the Basic Law allows for 20 per cent of the future legislature to be open to foreign nationals is remarkably generous. I cannot think of a legislature anywhere—not the British House of Commons and not the American Senate—quite like it.

Experts predict that Hong Kong will be the financial mecca of the next century, surpassing Tokyo. If that comes to pass, some of the credit should go to the policy, which the PWC advocates, of opening Hong Kong to even more international trade, commerce and investment, partly through the welcoming of other nationals to reside here.

Beijing Appoints First Group of District Affairs Advisers

HK0503070494 Hong Kong SOUTH CHINA MORNING POST in English 5 Mar 94 p 5

[By SOUTH CHINA MORNING POST political desk]

[Text] One out of four public office holders on Hong Kong district boards and municipal councils has been appointed by China in its first batch of district affairs advisers. On top of the 128 office bearers in Hong Kong's district councils, China extended its united front to another 146 prominent community leaders and one legislator. The group will advise Beijing on local district affairs up to 1997.

Notwithstanding the 274 community leaders offered the new title, China is prepared to enlarge the team of district affairs advisers in the near future. With the change in sovereignty 3-1/2 years away, China's team of district affairs advisers is comparable to those serving the British Hong Kong administration. One hundred and eight out of 414 district board members were offered the title, including 20 out of 76 municipal councillors. More importantly, 12 of the 19 district board chairmen were appointed.

With the two municipal council chairmen and three district board chairmen already Hong Kong affairs advisers, only four district board leaders are left with no Chinese post. But the four remaining district board chairmen are likely to be among the third batch of Hong Kong affairs advisers to be announced soon. Nearly all district board chairmen have strongly supported China in the Sino-British row over political reform.

Also named yesterday were 40 out of the 140 appointed district board members who are set to lose their seats after the board election in September, when appointed seats are to be abolished. Among the 274 appointees, 62 have party affiliations. The Democratic Alliance for the Betterment of Hong Kong, which is pro-China topped the list with 43 members appointed. Second on the list is the biggest party in the Legislative Council, the Liberal Party, which had seven members named.

The party's former executive director Sylvester Tse Tak-kan was also appointed. It is followed by another conservative party, the Liberal Democratic Federation, with six members, including the party's only legislator, Alfred Tso Shiu-wai. Two liberal parties, the Association for Democracy and People's Livelihood and the Meeting Point, had four and two members appointed respectively. But liberal flagship United Democrats had no members named.

Those without party affiliation came from neighbourhood kaifong associations, pro-China trade unions and local district groups. Two expatriates were appointed—Urban Councillor Brook Bernacchi and Eastern District Board member Joseph Salaroli.

Mr Bernacchi, who came from Britain in 1945, said he believed his experience in the Urban Council would be helpful to a smooth transition. "China is entitled to understand the organisation of Hong Kong at the district boards and the Urban Council," said the most senior Queen's Counsel and veteran leader of one of the oldest political parties in Hong Kong, the Reform Club. Mr Bernacchi, 72, admitted the advisory body was set up partly for the purpose of propaganda. But he said China knew little about the operation of the district boards and the municipal councils.

Another appointee, Mr Salaroli, an Italian, said he had accepted the appointment in view of the Sino-British row. Asked if he was happy about the appointment, Mr Salaroli from the Democratic Foundation said: "Why should I be happy... But after all, I was picked from so many people and I am quite proud. [no closing quotation marks as published]

As for the appointment of liberals as district affairs advisers, Meeting Point legislator Fred Li Wah-ming said his party respected members' decision to accept the offer. He said he hoped the two advisers from his party would reflect their opinions about district affairs to the Chinese Government. He said China should appoint more people from the liberal camps to think tanks such as the Preliminary Working Committee and the future

Preparatory Committee for the Special Administrative Region. "I think the Chinese side should at least let Hong Kong people feel that it can tolerate different views to enhance the credibility of their organisations and advisory bodies," he said.

PRC's Foreign Exchange Reforms To Affect Hong Kong

OW2502185294 Beijing XINHUA in English 1341
GMT 25 Feb 94

[Text] Hong Kong, February 25 (XINHUA)—China's recent foreign exchange reforms are expected to have a favorable impact on Hongkong's external trade, according to economic monthly released by the Hong Kong and Shanghai Banking Corporation here today.

China's reforms, begun on December 29, will help the country in its bid to rejoin GATT and remove some of the obstacles to the opening up of the country's banking system. In the longer term significant benefits are likely to derive from the improved efficiency of the Chinese economy, the monthly stated.

On the other hand, the monthly added, a number of uncertainties and problems may be created by the reforms. Inflationary pressure may be generated by the higher prices of some imports, some domestic enterprises will incur higher costs and domestic exporters will be exposed to greater foreign exchange risks.

On the impact of the foreign exchange reforms for Hongkong's economic growth, the monthly said, the reforms are primarily expected to affect cross-border trade and investment flows between Hong Kong and the mainland as well as the territory's monetary sector, provided the new measures are introduced smoothly.

Hong Kong manufacturers engaged in outward processing and joint venture activities in China will generally benefit from the unification of the exchange rates, since some of their renminbi outlays that were previously purchased at the official rate can now be obtained at swap rates, the monthly said.

This will reduce operating costs and mean that prices can be more competitive in international markets. The change will help to support Hongkong-mainland trade related to outward processing, which currently accounts for over 70 percent of Hongkong's imports from China and around half the territory's exports to the mainland.

Hong Kong is also expected to benefit from an increase in re-exports of Chinese origin. The effective devaluation of the renminbi due to the exchange rate unification and the fact that state enterprises are no longer obliged to sell part of their foreign exchange earnings to the government at the official rate will help boost the exports of Chinese state enterprises.

In general, the monthly said, the reforms are likely to stimulate trade flows between the mainland and Hong Kong, although the impact may not be significant in the

short term. The main benefit is expected to come from the long-term efficiency improvements in the Chinese economic system.

Hong Kong, as the largest foreign investor in China, contributed 76 billion U.S. dollars, or two-thirds of total contractual foreign investment in China between 1979 and 1992.

Shenzhen Symposium on Economic, Political Situations Ends

OW0303180194 Beijing XINHUA in English 1441
GMT 3 Mar 94

[Text] Shenzhen, February 3 (XINHUA)—A symposium ended here today, which focuses on Hong Kong's current political and economic situations, people's livelihood and other issues relating to Hong Kong's smooth transition.

More than 60 Hong Kong affairs advisers participated the two-day symposium in two groups, which was sponsored by the Hong Kong and Macao Affairs Office under the State Council and XINHUA NEWS AGENCY Hong Kong branch.

Among those attending the symposium were Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, and Zhou Nan, director of XINHUA NEWS AGENCY Hong Kong branch.

Official Discusses Role of China's Economy

OW0203195494 Beijing XINHUA in English 1457
GMT 2 Mar 94

[Text] Hong Kong, March 2 (XINHUA)—The continuing development of the (Chinese) mainland economy is increasingly the key to Hong Kong's future economic success, Hong Kong Financial Secretary Hamish MacLeod said here today.

Delivering his 1994/95 budget in the Legislative Council, MacLeod said that through serving and investing in the mainland, Hong Kong continued to find new markets for its expertise in manufacturing, marketing, banking, communications, tourism and professional services.

He said the mainland accounted for 35 percent of Hong Kong's total external trade in 1993 while the territory constituted about two thirds of total external investment in the mainland, which is probably the largest external investor in Hong Kong.

MacLeod said Hong Kong residents made no less than 23 million visits to the mainland last year while nearly two million foreign visitors used Hong Kong as their gateway to the mainland.

In addition to the 34,000 flights Hong Kong handled to and from the mainland, there were 7.4 million road crossings by cars and lorries.

MacLeod claimed that last year was the 27th successive year in which Hong Kong's [HK] economy grew in real terms since 1966 and the GDP [gross domestic product] per head had more than trebled in real terms since 1970.

A surplus of 15.1 billion HK dollars (about 1.9 billion U.S. dollars) was expected for 1993/94 and reserves on March 31, 1994 were expected to total 136.1 billion (about 17.45 billion U.S. dollars), he said.

"This is an improvement in our finances of 18.5 billion (about 2.37 billion U.S. dollars), an improvement due for the most part to a growth in revenue well above what had been forecast," he added.

Official Predicts 5.5 Percent Growth for 1994

OW0203203394 Beijing XINHUA in English 1506
GMT 2 Mar 94

[Text] Hong Kong, March 2 (XINHUA)—Hong Kong achieved a GDP (gross domestic product) growth rate of 5.5 percent in 1993 and is expected to retain the same economic growth in 1994, the Financial Secretary Hamish MacLeod said here today.

Delivering the 1994-95 budget in the Legislative Council this afternoon, the financial secretary said inflation rate in 1994 will also keep to an average of around 8.5 percent in 1994, the same as it was in 1993.

The financial secretary said GDP per head in Hong Kong in 1993 reached 18,500 U.S. dollars in 1993 and is expected to reach 20,600 U.S. dollars in 1994.

Expressing confidence about the prospects for 1994, Sir Hamish said Hong Kong can look forward to better economic prospects in its major overseas markets, and to continued the high growth in the region. "Above all, we have a vital role to play in China's economic modernization," he said.

"Increasingly, the key to our future economic success will lie in our ability to sell our services to the world, to the region, and above all to the Chinese economy," he said.

The financial secretary said that the successful conclusion of the Uruguay Round and the improved prospects in major overseas markets will also help boost trade potentials.

Speaking of problems in Hong Kong's economic development, the financial secretary said, "inflation remains a difficult challenge."

"Property prices are rising to increasingly uncomfortable levels because of acute shortage of land combined with growing prosperity and the understandable ambition of families to own their own homes," he said.

The financial secretary proposed a number of income tax concessions which would enable about 420,000 taxpayers, or a quarter of the total, to drop out of the tax net entirely.

Article Views Influx of PRC Investment Into Territory

HK0303095394 Hong Kong SOUTH CHINA MORNING POST (CHINA BUSINESS REVIEW) in English 3 Mar 94 p 8

[Article by Nick Ni, Nomura Research Institute economist]

[Text] Since 1985, Hong Kong's transfer of sovereignty has stimulated intensified political and economic integration between the territory and China. Mainland economic entities, in particular, have increasingly participated in business activities and taken more economic stakes in various sectors, triggering an unprecedented change in Hong Kong's economic landscape. China-owned firms have mushroomed in Hong Kong their numbers increasing from 200 in 1985 to 15,000 by last year.

They have provided jobs for more than 90,000 employees, almost four percent of the territory's labour force—with 10,000 of them mainlanders, five times the number in the early '80s. Although no accurate figure is available, a conservative estimate puts total capital assets and investment by mainland entities in Hong Kong at more than US\$30 billion, 10 times that in 1985. China's economic stake in Hong Kong is conservatively estimated to account for nearly 15 percent of the territory's economy.

Mainland firms have not only grown quantitatively, but also have greatly improved business quality. Some have become dominant players in their business sectors, with the Bank of China group developing from a relatively small retail bank in the early '80s into the territory's number two bank.

Mainland economic entities also have developed from their traditional business of banking and China-related trading in the early '80s into seven major economic sectors. In the financial sector growth is attributed to several major state-owned enterprises. Before 1984, mainland firms were generally discouraged by Beijing from participating in the financial sector, but their expansion began in late 1984, with the Bank of China Group, Conic Investment and CITIC (HK) invited by the Hong Kong Government to take part in the rescue of financially troubled banks in the mid-'80s.

In the past few years mainland firms have aggressively engaged in corporate activities and by last year, mainly through backdoor listings and H-share flotations, they controlled more than 50 territory-listed companies. In the banking sector, the Bank of China founded its Hong Kong headquarters in the '50s. Since those modest beginnings the mainland presence has soared, with CITIC and China Merchants acquiring local banks, Ka Wah and Union Bank in the late '80s.

Recently the number has increased further with the People's Construction Bank and Everbright taking over

territory banks. By the start of this year, mainland firms have taken direct and indirect control of more than 20 banks. As a result, China-controlled banks have topped both the Hong Kong and Shanghai Bank and Hang Seng Bank in business in the territory. By the end of 1993, deposits taken by the Bank of China group alone account for 24 percent of total bank deposits in the territory.

In the property market, mainland firms were traditionally more cautious, but since 1985—partly because the market started dramatically reactivating, and partly because China's "window firms" began mushrooming in Hong Kong mainland firms have been engaging boldly in the industry. By the end of 1993, it was estimated that mainland investment in property reached more than HK\$30 billion.

In 1992 alone, Chinese investment reached about \$6.5 billion, accounting for 25 to 30 percent of all property deals of more than \$100 million each, leaving the mainland the third biggest investor after Japanese and Taiwanese firms in that year. Although an austerity programme, launched to cope with China's overheating economy in late 1993 was thought to have slowed down mainland investment, no firms have been seen selling properties. In addition, there are clear signs that mainland firms' property investment is heating up following deals done by both China State Real Estate Development Corp and CITIC Pacific.

Moreover, several mainland construction firms, including China Overseas Land, are busily engaged in property investment. It is estimated that more than 50 percent of property transactions in 1993 involved mainland firms, suggesting that territory tycoons are investing in the mainland market, and mainlanders are jumping in to fill the gap in Hong Kong.

Thanks to China's reform policy, trade between China and Hong Kong has increased at double-digit rates since 1985 and mainland firms are benefitting due to the fact that almost all China-related firms are engaged in import-export business. Although no precise figures are available, it is estimated that mainland firms have taken at least 85 percent of the total volume of China trade, amounting to 20 per cent of Hong Kong trade, or up to \$107.7 billion in 1993.

Mainland firms can be expected to continue to dominate the business because of economic integration which will intensify rapidly in the coming three years. In addition, mainland firms traditionally have taken a considerable stake in land and sea transport, and also of China-related warehousing business in Hong Kong. Mainland firms, including China Merchants, China Travel, Continental Mariner and provincial "window" firms, have drastically expanded business in the transportation sector. It is estimated that mainland firms have shared about 15 to 20 percent of total business turnover in the sector since 1990.

CITIC, China Travel and China Merchants already have taken as much as 15 percent of air transport services and

MTR services. Mainland firms are taking more stakes from British-backed utility firms in the public transportation sector, a trend likely to continue in the run-up to 1997.

Another area of rapid mainland-interest growth is the tourist industry. In the past eight years, mainland firms have jumped into Hong Kong's tourist industry. Only three main tourist firms were registered in the early '80s but, by 1992, 36 agencies were owned by mainland firms, accounting for about 10 per cent of turnover. They have a virtual monopoly of China-Hong Kong tours and now own 13 hotels and a number of unregistered small hostels, worth about \$6 billion.

One sector where mainland participation has been relatively small has been manufacturing. According to Hong Kong Government figures, in 1985 only 15 Chinese firms were engaged in manufacturing, mainly related to toys, electronics and textiles. However, mainland firms

have maintained constant investment in the manufacturing sector over the past few years and by last year more than 100 Chinese firms were directly engaged in the manufacturing industry in Hong Kong.

Direct investment by mainland firms accounted for up to 12 per cent of total foreign investment in the territory's manufacturing sector between 1992 and 1993. In the past eight years, mainland firms have lifted their shares by 10 to 15 per cent in each of the seven key economic sectors and are playing an increasingly important role in Hong Kong's economy.

Yet this appears likely to be only the beginning of the Chinese economic presence in Hong Kong. Despite some negative impact which may seemingly be imposed by mainland business expansion, Hong Kong's business environment as a whole appears to have been enhanced rather than disadvantaged. No matter how aggressive mainland expansion is in Hong Kong, it is now welcomed by the territory's business community.

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